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UK and Germany warn of dangers if trade talks fail

Britain and Germany warned that failure to reach agreement on the Uruguay Round of trade talks on December 15 would have "intolerable" consequences for the developing world. It would perpetuate recession in western Europe and lead to protectionist measures. Page 18

Petrochemicals agreement near: Europe's petrochemicals industry is close to agreeing plans aimed at reducing losses running at hundreds of millions of dollars a month. Page 18

Four-day week at VW: Volkswagen and the IG Metall engineering union agreed a framework deal to cut working times in VW's six German works by 20 per cent temporarily, but gave strikingly different views on how it would affect wages and costs. Page 18

Novelist Anthony Burgess dies at 76:



Anthony Burgess, one of Britain's greatest and most prolific writers, died in London aged 76 after a long illness. He had been suffering from cancer. Burgess, author of the controversial novel *A Clockwork Orange*, wrote more than 50 works of fiction, theatre, television drama and criticism. He was also a composer, translator, linguist and Joycean critic. Obituary, Page 15

Japanese bank profits fall: Japan's leading banks reported sharply lower profits as the level of problem loans continued to rise, forcing them into the unusual step of writing off loan losses. Page 18

Commerzbank rises 52 per cent: Commerzbank, the smallest of Germany's big three banks, reported a 52 per cent rise in operating profits to DM909m (\$538m) in the 10 months ended October. Page 18

Spain's unions march: Spain's two biggest unions staged marches in 50 Spanish cities against the government's economic policy. Some 40,000 were estimated to have marched in Madrid and nearly 60,000 in Barcelona. Page 3

Euro Disney turbulence: Euro Disney, the troubled leisure group, had another turbulent session on the Paris stock market when its shares fell sharply by 13 per cent during the morning only to bounce back in the afternoon to close 8 per cent higher. Page 20

Shanghai contract for Japanese: A consortium of seven Japanese companies has won a contract worth an estimated \$50m to \$60m to supply equipment for a new steel production facility at the Baoshan complex, near Shanghai. Page 5

Monitors for Russian poll: Up to 1,000 international observers are expected to descend on Russia to monitor next month's elections, at President Boris Yeltsin's invitation. Page 2

Bayer setbacks: Bayer, the leading German chemicals group, expects profits to fall by about 30 per cent this year to DM2.2bn (\$1.3bn) and remain unchanged in 1994, according to chairman Manfred Schneider. Page 20

Write-offs hit Canadian bank: Write-offs stemming from the acquisition of a trust company and a discount brokerage firm helped push Toronto-Dominion Bank's fiscal 1993 earnings down by almost a third. Page 22

Refugees dying: More than 100 Burundian refugees are dying of disease and malnutrition each day in crowded camps in Rwanda, the United Nations refugee agency said in Geneva. About 700,000 Burundians fled their country after a failed coup in October touched off ethnic clashes.

Printemps ventures: Pinault-Printemps, the dynamic but heavily indebted French retail group, is considering plans to enter the home shopping market by launching a television shopping service through La Redoute, its mail order subsidiary. Page 20

Citic stake in Swire Aviation: China's involvement in Hong Kong's aviation industry deepened with Citic Pacific's HK\$120m (\$15m) acquisition of a 30 per cent stake in Swire Aviation. Page 21

Mexico banks plan: Mexico is set to open up its financial system to foreign competition early next year. The finance ministry plans to give licences to as many as 25 US and Canadian banks. Page 22

Zinc smelters deal: MTM Holdings, the Australian metals group, and Germany's Metallgesellschaft, which holds a 49 per cent in MTM, are negotiating to swap interests in two loss-making German zinc smelters which they own on a joint basis. Page 20

STOCK MARKET INDICES		GOLD	
FT-SE 100	3,093.1 (-25.8)	London	\$377.6 (\$76.6)
Yield	3.84		
FT-SE Composite 100	1,343.00 (+13.65)	STERLING	
FT-AE Share	1,525.84 (+4.73)	London	
Nikkei	17,222.52 (+155.81)		
LONDON MONEY		DM	1,485.5 (1,488)
3-mo Interbank	5.74	FRF	2,542.5 (2,522.5)
Life long bill future: Dec 115.5	(54.74)	SFR	5,907.5 (5,778)
		Y	2,232.5 (2,222)
		E index	81.7 (81.6)
NORTH SEA OIL (Argus)			
Brut 15-day (Jan)	\$14.56 (15.33)	Tokyo close	¥108.33
The New York markets were closed yesterday			

Africa	South Africa	2,000	1,455	Qatar	Q112.00
Bahrain	Den 250	Hong Kong	14,518	Malta	1,000.00
Belgium	BF-65	Hungary	1,155	Morocco	MDN12
Bulgaria	14,250.00	Ireland	8,215	Neth	R 1.75
Czech Rep	277.00	India	740	Norway	NOK100
Denmark	DKK45	Israel	2,545.00	Norway	NOK100
Egypt	E£4.50	Japan	¥100	Pakistan	Pak5
Finland	FIM12	Jordan	JD1.50	Philippines	Phil5
France	FFR100	Latvia	Lat50	Poland	PLN100
Germany	DM100	Lebanon	US\$1.75	Portugal	Esc100
				Spain	Esc100

Oil prices fall almost \$1 to five-year low

By David Lascelles in London and Robert Corzine in Vienna

Oil prices dropped to their lowest point in five years yesterday as the markets reacted with disappointment to Opec's failure to reach agreement on production cuts.

The benchmark Brent crude price fell nearly \$1 in early trading to \$14.18 on the overnight news from the oil cartel's headquarters in Vienna, though it recovered slightly to close at \$14.43. The \$14.18 price was its lowest point since autumn 1988 when Opec overproduction also sent prices into decline. Opec members dispersed yesterday

Markets hit as Opec fails to agree production cuts

after failing to reach agreement on a new production ceiling. This was despite the steady fall in the oil price since the last Opec ministerial meeting in September. A communiqué said that the September output ceiling of 24.52m barrels a day was "reasonable and objective" and "should be given time to work."

Mr Peter Gignoux, head of the energy desk at stockbrokers Smith Barney in London, described yesterday's market reaction as "a vehement backlash to Opec's indecision", which raised questions as to whether

Opec wished to remain a cartel. Mr Mehdi Vaziri, research director at Kleinwort Benson Securities in London, called the Opec decision a "disaster" which could lead to a price collapse similar to one in 1986, when prices fell below \$10 a barrel.

He said Opec was "suffering from an absence of leadership" and persistently low prices would force an emergency session well before the next scheduled conference at the end of March.

Most ministers refused to be drawn on what they might do if faced with a prolonged period of

low oil prices. Mr Ali Ahmad Al-Baghill, the Kuwaiti minister, said he "hoped the fundamentals would rectify the situation", although he said some Opec producers which are close to their capacity might make voluntary production cuts.

Most analysts interpreted Opec's decision as a move away from an emphasis on price to a strategy of protecting market share. Growing output by independent producers, including the UK, has upset Opec, which believes that such countries are getting a "free ride" from its

efforts to shore up prices.

The change of emphasis also reflects the fact that Iraq will eventually have to be reintegrated into Opec's production ceiling once United Nations sanctions barring it from exporting oil are lifted.

"That is unlikely to happen before well into next year but countries such as Saudi Arabia, which will have to make a substantial cut to accommodate Iraq, are reluctant to do so from a level lower than the present one."

Not so slick as the market.

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Lex, Page 18
Commodities, Page 28

BAe signs deal to develop car for Indonesia

By Kevin Done and Paul Bettis in London

BRITISH AEROSPACE aims to take a leading role in the development of indigenous aircraft and car industries in Indonesia in one of the fastest-growing regions of the world.

Rover group, the UK company's motor vehicles subsidiary, has signed a memorandum of understanding with the Indonesian government to lead the development of a national car project to design, develop and manufacture a small car for production in Indonesia.

BAe also agreed yesterday to consider forming a joint venture to develop and manufacture regional turboprop aircraft with the Indonesian state-owned aerospace company PT Industri Pesawat Terbang Nusantara (IPTN).

With a population of almost 194m and an economy forecast to grow at more than 6 per cent a year in 1993 and 1994, Indonesia has long had ambitions to develop its car and aerospace sectors as part of the rapid industrialisation of south-east Asia.

BAe said yesterday that it had signed the two agreements after meetings in London with Dr Bacharrudin Habibie, the Indonesian minister for research and technology and chairman both of the Indonesian Agency for Strategic Industries and of IPTN.

According to the motor industry memorandum, Rover will provide technology transfer and technical support to a joint small car programme.

The car would be sold initially in the home market but subsequently would also be aimed at export markets. Production volumes would be up to 50,000 a year with output probably starting in 1996-97.

It is understood that the car would be based on the chassis platform of the present Metro/Rover 100 and would be powered by Rover's 1.1 litre K-Series engine.

In the early stages of the project Rover would supply mechanical components such as engines and gearboxes from the UK.

Continued on Page 18
EuroAir sues BAe for \$70m over aircraft, Page 9

Kohl blames 'campaign of personal attacks' ■ Joint candidate proposed

Heitmann quits race for German presidency

By Judy Dempsey in Bonn

Mr Steffen Heitmann, Chancellor Helmut Kohl's chosen candidate for the German presidency, yesterday withdrew from the race amid mounting criticism over his controversial views on women, nationalism and Germany's past. His resignation represents a personal blow for Mr Kohl who had stubbornly defended Mr Heitmann as recently as last Wednesday in a speech to the Bundestag.

Yesterday, the chancellor said the justice minister from the eastern state of Saxony had been the victim of a shameful campaign. "The intolerable campaign of personal attacks and defamation against Steffen Heitmann in the last few months shames all those who took part in it."

Mr Heitmann, 49, created a furore when, in reference to the Holocaust, he said Germany need not be permanently shamed by its past.

He also suggested that women should return to their traditional role as mothers, and that more attention should be paid to those Germans who felt they were

being swamped by foreigners and refugees.

His resignation will come as a relief to many east Germans, who believed Mr Kohl had chosen a relatively unknown easterner to rein in the presidency. Mr Richard von Weizsäcker, the incumbent, spoke out on several controversial issues, including the social and political responsibilities of unification.

Several eastern German officials also argued that the west German media coverage was condescending and biased in the way it equated easterners with Mr Heitmann's views.

In his resignation statement, Mr Heitmann appealed - some German officials believe at the behest of Mr Kohl - "to all parties in the interests of the internal unity of our country to agree on a joint candidate" for president.

He proposed Mr Richard Schröder, an opposition Social Democrat and a philosophy professor and theologian at the Humboldt University in Berlin, even though the SPD have overwhelmingly endorsed the popular Mr Johan-



Steffen Heitmann explains his withdrawal from the presidential race to the press in Dresden. (Associated Press)

nes Rau, prime minister of North Rhine Westphalia.

The question is whether the coalition government and the SPD will seek a consensus candidate. The president will be elected by a special convention representing all the parliamentary parties next May.

Any horse-trading would suit Mr Kohl. It may deflect criticism, particularly among his own Christian Democrats (CDU), over his miscalculated support for Mr Heitmann. It would also give the chancellor time to repair the

damage before next year's federal and state elections.

Moreover, if Mr Schröder was chosen, Mr Kohl would still get his easterner, a goal he is determined to pursue, officials said.

Sections of the SPD would support a consensus candidate in anticipation of a possible coalition with the CDU and the Chris-

tian Social Union (CSU), its Bavarian sister party, after the elections. "But others might think this would let Kohl off the hook, particularly since Rau would win if there was an election tomorrow," an SPD official said.

Editorial Comment, Page 17

Big Volvo shareholders back merger with Renault

By Hugh Carnegie in Stockholm

The proposal to merge Volvo's car and truck operations with Renault of France was boosted yesterday when two big shareholders in the Swedish group announced their backing for the deal.

The decision by the Fourth Fund state pension fund and the Folksam Insurance group defied a spate of criticism of the agreement in Sweden and transformed prospects for approval of the merger at a special shareholder meeting on December 7.

"I hope that this is a turning point," said Mr Per Lajdquist, head of investor relations at Volvo.

The Fourth Fund holds 7.5 per cent of Volvo's voting capital and is the biggest shareholder after Renault which has 10 per cent of the group.

Support from the Fourth Fund was seen as vital because its directors include senior industrialists, trade union leaders and government officials. Its board said it would support the merger unless significant new information emerged to cause a change of mind.

Volvo is optimistic that the Fourth Fund's decision will set a trend for other large shareholders. It was quickly followed by approval from Folksam, which holds 3.6 per cent of Volvo votes.

With support from Renault, the

Lex

Volvo sailing close to the wind

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Fourth Fund and Folksam secured, and further backing assured from investment companies within the Volvo empire, Volvo can now depend on about 31 per cent of the votes.

The "no" camp, led by Aktiespararna, the small shareholders' association, and the Fifth Fund state pension fund, are at present certain of only about 10 per cent.

Fund illustrated how closely contested the merger issue had become. The board split 8-6 in favour of the deal, with representatives of white collar trade unions and a former Volvo chief executive, Mr Gunner Johansson, among the dissenters. Members of the LO blue collar trade union

federation were in favour.

Folksam, which three weeks ago had opposed the merger, said it was swayed by French government assurances secured by Volvo that Renault would be privatised, if market conditions allow, by the end of next year and that a subsequent state golden share would not be used to dilute Volvo's 35 per cent share in the merged company. Both issues have been at the heart of Swedish criticism of the agreement.

A key factor in both decisions was the acceptance that Volvo could not continue in the motor industry alone and had to deepen its existing alliance with Renault to survive the overcapacity in world car markets. Folksam said it accepted the 35 per cent share of the new company apportioned to Volvo as a fair valuation, in spite of a lack of detail on how the valuation was arrived at.

Volvo's share price fluctuated wildly yesterday. The most-traded B3 share rose from SKr410 to SKr431 on early expectations that the merger would be rejected, then fell to close at SKr407 on news of the Fourth Fund and Folksam decisions.

"We've listened to the tape you sent us, Mr. Epstein, and in our considered opinion they'll never make the Big Time. So the answer is no, no, no."

Having the capital to back a big idea is only half the secret. Having the vision to spot one is the other half.

CINVen
Yeah, yeah, yeah.

CINVen Ltd is a member of IMFO

state ownership, although the Communists and Agrarians, with the Liberal Democrats and the Dignity and Charity group, clearly favour the state.

The pull of electoral politics is presently towards the centre: the neo-fascists (Liberal Democrats) and the Communists emphasise their peaceful intent; while the radical liberals (Russia's Choice) play up their patriotism. Parties and electorates are new to each other in the new Russian: but for the moment, they can both say that we are all communists now.

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Bundesbank warning on 'quick fix'

By David Waller in Frankfurt

Any attempt to revive German exports and thereby curb domestic unemployment would be the "wrong medicine", the Bundesbank's chief economist warned last night.

Speaking in Frankfurt, Mr. Oskar Issing, member of the central bank's policy-making council, appeared to be directing his remarks at calls for European countries to slash interest rates as a way of combating unemployment.

Mr. Issing acknowledged that there had been a sharp fall in German exports since German reunification, and that this had contributed to German unemployment because lay-offs were concentrated in export-oriented industries. Germany's trade surplus has fallen from DM135bn (\$83.5bn) in 1989 to DM24bn last year to DM28bn in the first eight months of the current year.

However, he rejected arguments that the fall in exports had been triggered by the strength of the D-Mark, pointing out that measured against the currencies of Germany's 18 most important trading partners the D-Mark had risen by a modest 3 per cent in the past two years, and had fallen by nearly 1 per cent since the end of last year.

He blamed the export decline on recession in Germany's most important trading partners. Any attempt to combat the decline in exports by competitive devaluations would prove illusory, Mr. Issing said, as it would only serve to worsen trading partners' recessions and diminish demand for German goods still further. A devaluation would stoke up inflationary pressures and trigger a wage-price spiral which would lead to more, not less inflation.

Mr. Issing's comments follow Bundesbank president Mr. Hans Eismann's remarks on Wednesday that governments should not try to buy economic recovery by means of rate cuts.

Mr. Johann Gaddum, Bundesbank vice-president, however, awakened speculation of further rate cuts in Germany in Paris yesterday. He was quoted as saying Germany was "over the hump" on inflation and there was scope for further interest rate cuts.

Germans expect exports boost

By Ariane Genillard in Bonn

An increasing number of German businessmen believe the economy has stabilised at its lowest point and expect some export-led improvement in the coming months, according to Ifo, the Munich-based economic institute.

An Ifo study, which polls 500 managers, says the business community is less pessimistic than in previous months.

The survey lends weight to a statement by the German industry federation, the BDI, that the economy is stabilising. The BDI points out production plans and orders stopped falling at the beginning of summer and capacity utilisation was dropping "very mildly" compared with the beginning of the year.

Ifo notes that companies do not expect a pick-up in domestic demand but that export prospects are "substantially improving". Companies in general say orders in October held steady against September.

The business community continues to complain that stocks are too high. But they add that prices could fall further as a result.

The brighter outlook varies from sector to sector. Manufacturers of semi-finished goods say the situation remains bad but an export-led pick-up is foreseeable over the next six months - a view shared by the chemical industry. But manufacturers of consumer goods, especially cars and electronics, warn that orders will still not match the September level, although they are decreasing at a slower pace than earlier.

Wholesale and retail traders hit by depressed domestic demand are pessimistic. More than 40 per cent of wholesalers say they expect orders to fall, the worst result polled by the institute since 1992.

In eastern Germany, business confidence is up, mostly because of a rise in local demand. Capacity utilisation is stabilising at 72 per cent and production plans and orders are on the increase.



Spanish riot police restrain a student during a riot that broke out in Madrid after nationwide demonstrations by students demanding the government spend more on education.

Spanish unions take to streets

By Tom Burns in Madrid

Spain's two largest unions joined forces yesterday evening to stage protest marches in 50 cities against the government's economic policy. However, they remain divided over organising a 24-hour general strike that has been tentatively scheduled for the third week of next month.

The demonstrations were the first test of strength by the unions against government plans to restore competitiveness by imposing wage restraints, reducing benefits and overhauling labour market legislation to allow part-time employment, apprenticeships and easier dismissal procedures.

The Communist-led Comisiones Obreras (CCOO) union has called for national mobilisation to paralyse the country on December 17, but the rival Union General de Trabajadores (UGT), which co-sponsored yesterday's protests, is more hesitant, believing a full strike could backfire and prompt the government to take even tougher economic measures.

The two unions staged a successful 24-hour strike in December 1988 that forced the government to withdraw a planned youth employment scheme and to increase pensions and unemployment pay. A half-day general strike which they staged last May in protest at social spending cuts was poorly attended, however.

The government is due to meet the unions today in a last effort to salvage a social pact on incomes policy and labour reforms which has been under discussion since September. But it has already warned that it will impose its policies next week if there is no agreement. The employers' confederation, which held separate talks with the government yesterday about the social pact, termed the proposed labour markets reforms as "too weak".

Companies neglecting tax rebates

By Andrew Jack in London

Millions of pounds in value added tax rebates are unclaimed across the EU, according to a survey by accountants Deloitte Touche Tohmatsu.

Nearly 80 per cent of companies do not reclaim all the VAT they are entitled to receive from countries in which they are not registered, and more than 20 per cent do not claim any of their rebates.

The survey, which questioned more than 600 companies, notes that almost a quarter of businesses pay VAT in countries where they are not registered, on transactions such as one-off purchases, hotel bills and travel. About 8 per cent are paying more VAT than they were before 1993.

Most say the primary reason is that recoveries would cost too much. A number of companies highlighted administrative difficulties in receiving rebates in Italy, Germany and France. "The system clearly needs to be simplified," Deloitte said.

Across the EU, British companies are the most likely to fail to make refunds.

The survey showed that just 23 per cent of companies said they had found their transport costs becoming cheaper as a result of the new system, although 89 per cent said goods reached their destinations more quickly.

Swiss to vote on introduction of VAT

By Ian Rodger in Zurich

Swiss voters pride themselves on using their direct democracy responsibly; if taxes need to be raised, this action will be approved in a referendum. That sense of responsibility will be tested on Sunday when the Swiss will be asked, for the fourth time, to vote on the introduction of a value added tax.

At a time when every other European government has long since introduced VAT, it may be asked why the Swiss have rejected the idea. The Swiss answer would be that no negative consequences have resulted from previous rejections in 1977, 1979 and 1991.

This time, however, there is a sense of urgency. Federal government finances are in disarray as soaring social security spending in the recession led to record deficits.

Another concern is the competitiveness of Swiss industry. Last December, Swiss voters rejected joining the European Economic Area (EEA), an expanded free trade area between the European Union and the countries of the European Free Trade Association.

Swiss manufacturing companies have become increasingly nervous that exports to Europe will face increased costs when the EEA comes into force next year. Thus, their campaign to replace the existing 8.2 per cent turnover tax, which applies only to goods and capital spending, with VAT has been more passionate than on previous outings.

It is estimated that Swiss industry would save Sfr2.6bn a year if a 6.2 per cent VAT, applicable to services as well as goods and refunded from exports, were introduced.

As is often the case in Swiss referendums, the balloting process will require considerable concentration from voters. They can vote for 6.2 per cent VAT or 8.5 per cent, which the government would prefer because it would raise more revenue. There is also an opportunity to vote in favour of adding another 1 percentage point to help underwrite soaring public pension costs.

The VAT proposal has the full support of all the main political parties and business groups, with the exception of

the restaurant and hairdressing trades which dread being brought into the tax net.

Polls indicate that it will probably be approved by a narrow majority, but that the people will only approve a 6.2 per cent rate. Swiss voters would prefer to keep the pressure on the politicians to cut spending rather than let them have more money.

In addition to VAT voters will also decide whether or not to abolish tobacco and liquor advertising, an issue brought to a referendum by concerned citizens.

Berlusconi's 'courage' makes others see black

Robert Graham on Italian media magnate's backing for neo-fascist candidate in Rome mayoral election

Mr Silvio Berlusconi, Italy's media magnate, claims he has done no more than follow a maxim of Tolstoy - a courageous man does what he feels is necessary.

But what Mr Berlusconi considers "necessary" has created a near mutiny among his employees and provoked a storm of controversy in Italy's political and intellectual establishment.

Mr Berlusconi, who controls three quarters of Italian commercial television and a string of publishing interests, has decided to enter the political fray in Italy.

Throughout this year he has been hinting he might form a political party and appeared to be flirting with the populist Northern League of Mr Umberto Bossi. But this week he chose the occasion of the opening of a shopping centre in Bologna to urge the formation of a new centrist party.

Apparently off script, he went one further. If he were in Rome he would back Mr Gianfranco Fini, the leader of the neo-fascist MSI, in the run-off on December 5 for the mayoralship against Mr Francesco Rutelli, the candidate of the left.

This was immediately interpreted not only as an endorsement for the MSI but as placing this party, always seen on the far right, in the centre of Italian politics.

This produced headlines such as "Berlusconi in black" (a reference to Mussolini's infamous black shirts) and cartoons such as the one with a bubble coming from Mr Berlusconi's mouth saying "Fini-vest" (a play on Fininvest, Mr Berlusconi's principal media group).

Accompanying such sarcasm was a flood of criticism and protest. The next issue of Panorama, the main Berlusconi weekly, will not appear because of a strike; a stoppage was observed on Wednesday at Mondadori, his main publishing group, and television journalists loudly proclaimed their independence. Some groups have threatened a boycott of his Milan football team.

The objections to Mr Berlusconi's stance centre on two separate issues. The first is whether someone who wields so much power, especially through television, should take sides so openly and harbour political ambitions. These objections are on weak grounds since media owners in Italy, discreetly or clumsily, do support causes - indeed that is partly why they are proprietors.

Mr Berlusconi himself has always been a political animal, and built his empire on the back of a close friendship with Mr Bettino Craxi, the former Socialist leader. Mr Berlusconi himself has not been implicated in the corruption scandals but Milan magistrates are investigating whether his media interests allowed discounted advertising slots on television to the political parties during elections. Another investigation is examining allegations of kick-backs to obtain television licences.

The second issue is whether the MSI is a dangerous rightist phenomenon, foreshadowing a return to the Mussolini era. The spectre of a party, inspired by Mussolini, gaining substantial electoral space in Italy has frightened the left and all

those with long memories. They feel Mr Berlusconi is highly irresponsible in lending his considerable weight to making the MSI respectable.

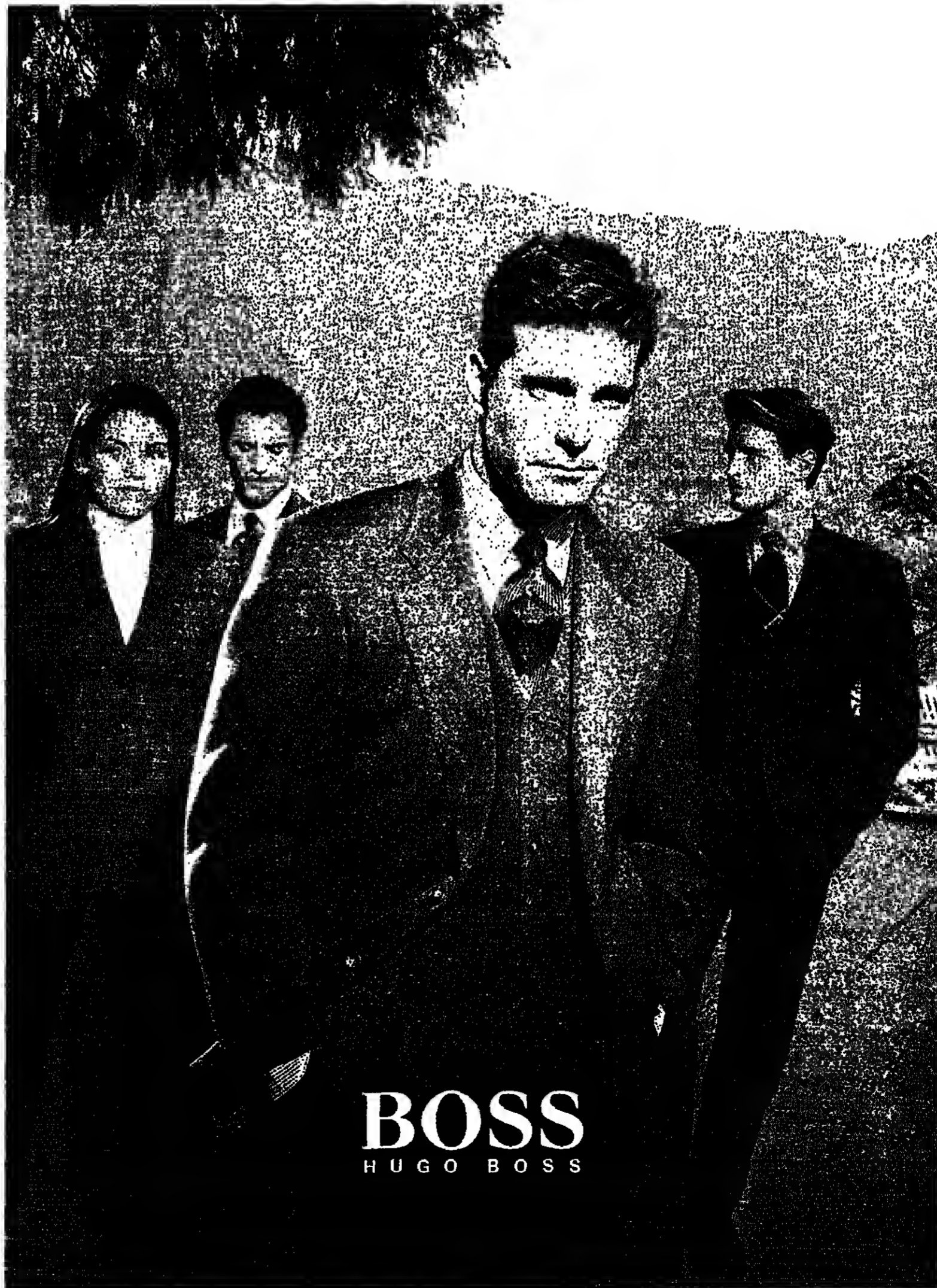
However, most of the criticism is based on historical memory rather than the MSI today, led by Mr Fini, who was born in 1952 (seven years after Il Duce was executed). The criticism also contains an element of hypocrisy since he would have earned little odium if he had associated himself with the leftist candidate in Rome, Mr Rutelli.

Mr Berlusconi is unrepentant. He wrote in yesterday's newspapers: "I'm completely foreign to fascist culture and traditions; but I refuse to accept the use - or worse the blackmail - of anti-fascism as a demagogic device to steer the country away from a liberal democratic government which we and Europe need."

He added that if and when it was necessary he would establish a "clear distinction between politics and editorial control".

By taking such a high profile, Mr Berlusconi may well encourage more of the media to focus on the financial problems of his empire. La Repubblica newspaper and L'Espresso magazine, controlled by Mr Carlo De Benedetti, have been running for some months a campaign demonstrating that the debts of Fininvest are well above the L3,333bn (£1.3bn) published in the 1992 accounts.

They also claim that close scrutiny of the accounts reveals a L174bn loss instead of the declared L21bn profit. This has not been denied by Fininvest.



BOSS
HUGO BOSS

Belgium to push EU growth plan

By Lionel Barber in Brussels

THE Belgian presidency of the European Union intends to strengthen the European Commission's programme for economic growth and job creation at a meeting of EU finance ministers early next month.

The move is in response to UK and German success in neutering Commission efforts to set EU-wide targets for halting rising unemployment and promoting growth.

Mr Philippe Maystadt, Belgian finance minister, is understood to have been surprised by the Commission's abrupt retreat from earlier calls for specific targets to spur a recovery and disappointed by the document's bloodless tone compared with previous drafts.

Brussels had earlier called for a 2.3 per cent reduction in short-term interest rates contingent upon wage restraint and cuts in budget deficits, a broadening of the tax base to pay for cuts in employment taxes, and a specific recommendation to create 15m jobs by the end of the century.

Britain, Germany, and the Netherlands all voiced strong objections to these targets, pointing out that the EU had no legal instruments to fulfil them and that the levers of

macroeconomic power still rested with member states. However, France, Italy and Spain were much less hostile, according to an official.

Mr Maystadt is said to be determined to put forward a strongly-worded document on the grounds that it will have legal status according to the recently ratified Maastricht treaty.

Under the Maastricht treaty, the Commission is required to put forward a recommendation on macroeconomic targets which can be adopted by qualified majority by the European Council on December 10-11. Belgian officials point out, with a touch of bravado, that this could mean that the Germans and British alone could be outvoted.

A Commission official defended the watering down of the original macro-economic guidelines on the grounds that it was important to "carry" along member states.

In Brussels, officials are concerned that Mr Jacques Delors' white paper on employment, competitiveness and growth could lose impact because of the Commission's retreat, particularly since it has no legal status and is unlikely to contain recommendations.

Polish commercial TV plans hit snag

By Christopher Bobinski in Warsaw

Plans for Poland's first commercial national TV channel have run into opposition from the military which is unwilling to release the necessary frequencies.

This emerged shortly before the closing date for applications to run the channel to compete with the two state TV ones, which will still carry

advertising. Foreign media groups including Bertelsmann, Compagnie Luxembourgeoise de Télédiffusion and Time Warner have declared an interest in running the channel with local partners.

Adm. Piotr Kołodziejczyk, defence minister, said the army would be able to free the frequencies in three years. Frequencies available to private broadcasters provide access to 40 per cent of Poland.

Bulgaria reaches agreement on debt reduction

By Anthony Robinson

Bulgaria has reached a comprehensive debt and debt-service agreement which could amount to a 50 per cent cut in the estimated \$9.3bn (\$5.24bn) it owes to a group of over 300 commercial banks, Mr Stoyan Alexandrov, finance minister, said in Sofia yesterday.

The agreement in principle, reached after months of diffi-

cult negotiations with its London Club creditors headed by Deutsche Bank, includes an initial downpayment of not more than \$85m and average annual payments of less than \$300m in the first seven years of the agreement, Mr Chavdar Kanchav, a member of the negotiating team, told Reuters.

The agreement contem-

plated a menu of options consisting of a debt buyback at a price to be announced by Bulgaria, a collateralised discount bond option, a front-loaded interest reduction bond (FIRE) option and a comprehensive treatment of interest arrears, Deutsche Bank added.

The discounted bond option offers a 30-year discount bond exchanged for existing debt at a 50 per cent discount at LIBOR plus 13/16 per cent and with full principal and 12

months' interest collateral. The FIRE option, with an eight-year grace period, offers an 18-year bond with a stepped-up, fixed interest rate starting at 2 per cent for the first eight years and a floating coupon of Libor plus 13/16 per cent for the remainder, West Merchant bank said.

The agreement, still to be approved by the Bulgarian parliament and the boards of

several creditor banks, is similar to the kind of deal being sought by Poland for its over-\$13bn commercial bank debt. But leading creditor banks last night insisted Poland no longer qualified for the kind of relief achieved by Bulgaria, which has a much weaker economy and a GDP which is continuing to fall.

Poland's London Club creditors offered a 33 per cent debt

relief package earlier this year. This was rejected by the Polish side which wants a 50 per cent reduction similar to that already achieved on its \$33bn Paris club official debt. The banks are due to meet shortly to discuss making a revised offer to the Polish team, an improvement on the original 33 per cent relief offer, but still well below the 50 per cent the Poles seek.

Owen foresees Moslem state

Mediator warns of new EU sanctions over Bosnia

By Robert Mautner, Diplomatic Editor

Lord Owen, one of the two international mediators on the former Yugoslavia, forecast yesterday that the creation of a new independent Moslem state in Bosnia was inevitable and that the Serbian and Croat parts of Bosnia would eventually join their respective mother countries.

Such a solution, he admitted ruefully in the annual Churchill lecture in London's Guildhall, was certainly one he did not favour originally in the abortive Vance-Owen plan, which called for a unitary Bosnian state divided into largely autonomous provinces.

Lord Owen accused the US of having killed off that plan in May this year and thus destroying any hope of keeping Bosnia-Herzegovina together. However, he recognised that history might show that the emergence of an independent Moslem Bosnian republic was "inherently more stable" than the demilitarisation of Bosnia proposed in the Vance-Owen plan was unrealistic and that the Moslems' fight for their very survival required to find expression in the creation of their own country.

Lord Owen's remarks were a clear indication of his belief that the union of the three republics which he and his fellow mediator Mr Thorvald Stoltenberg had proposed as a replacement for the Vance-Owen plan would be no more than a temporary solution.

That plan was rejected by the Bosnian Moslem "parliament" last September because



An aid convoy makes its way through the snow at Serb-held Banja Luka yesterday

the Moslems claimed it did not give them enough territory. European Union foreign ministers suggested earlier this week that the international community might be prepared progressively to suspend sanctions against Serbia if a political settlement could be reached giving the Bosnian Moslems an additional 3 to 4 per cent of territory.

Such a possible solution will be discussed at a conference in Geneva starting next Monday, grouping EU foreign ministers, the leaders of the three warring parties in Bosnia and senior representatives from the US and Russia.

Lord Owen warned the Bosnian Serb and Croat parties that, if they failed to compromise, the European Union

would have to strengthen existing sanctions or start advocating new sanctions. At the same time he warned the Bosnian Moslems that, if they were not prepared to accept compromises, outside governments could reconsider their contribution to United Nations peace-keeping forces in Bosnia, which would then have to be withdrawn.

The parties, tragically, then would be left to fight it out with no holds barred and the misery and mayhem of what was once Yugoslavia would continue. Whatever political solution was chosen by the warring parties, certain key Bosnian Moslem demands had to be dealt with.

A predominantly Moslem

Bosnian republic had to have open access to a port on a navigable part of the Sava river in the north and to a sea port of its own on the navigable part of the river Neretva to the south. In addition, the Moslems would have to be given, "as an important symbol", a tract of land on the Adriatic sea, and, as far as possible, natural and defensible boundaries.

Lord Owen strongly supported the trial of Yugoslav war criminals by the international tribunal set up by the UN. "I believe it is essential for the moral order of the 21st century that we re-emphasise over Yugoslavia the rejection in the Nuremberg trials of the belief that, in war, anything goes."

Row looms over shipping cartels

By Andrew Hill in Brussels

A political row is building up between the European Commission, Parliament and European Union ministers over controversial Commission inquiries into shipping cartels.

The Commission and Parliament, backed by exporters, are worried that transport ministers, who meet in Brussels on Monday, may try to meddle with the Commission's exclusive authority to rule on competition cases.

At issue is a draft resolution on the application of competition rules to maritime transport, which could be adopted by ministers on Monday. EU exporters - including companies such as ICI and Mars - say the resolution is largely the work of shipowners, trying to protect themselves from the latest in a series of Commission investigations into shipping cartels.

The European Parliament's legal affairs committee has written to the council of ministers warning that adoption of such a resolution could upset the balance between the EU's institutions.

The pressure already appears to be having an effect. National officials said yesterday that member states' enthusiasm for a prescriptive resolution was waning, although they may still call for a Commission report on the subject. Much will depend on how ministers react to Monday's statement by Mr Karel Van Miert, the competition commissioner, about the maritime industry. The shipowners said this

week that all they wanted from the Commission was greater legal certainty about the treatment of shipping conferences, in particular those that now offer door-to-door container services, including road haulage.

In the last two years, the Commission has aroused the wrath of shipowners by imposing fines on two cartels operating between Europe and Africa. Brussels is now poised to publish a statement of objections to the Trans-Atlantic Agreement, signed last year by 14 shipping companies including P&O Containers of the UK, Hapag-Lloyd of Germany and Maersk of Denmark, and should also take a decision on the Far East Freight Conference.

The shipping lines say the TAA is essential to combat overcapacity in the transatlantic container market, but exporters say that it has led to "exorbitant" rate increases in 1993. The original draft resolution tabled by the Belgian presidency of the EU was sharply criticised by MEPs and the Commission for going too far.

Correction

Istanbul stocks

Equity capitalisation on the Istanbul Stock Exchange is currently estimated at just under \$30bn. The figure given in an article in the Financial Times survey on Turkish finance and industry, published on November 25, was incorrect.

NEWS: THE AMERICAS

Law would extend Nafta-style protection worldwide

Mexican move on investor rights

By Damian Fraser in Mexico City

The Mexican government has sent to congress a new foreign investment law that would give investors worldwide almost all the rights enjoyed by the US and Canada under the North American Free Trade Agreement.

The new legislation, which is certain to be approved, would replace the 1973 law that substantially restricted foreign investment. While the 1973 law has been partly modified by subsequent regulations, for-

eigners have complained that the rules do not offer legal transparency, and still protect important sectors.

The law permits foreign investment in all areas of the economy and under the same terms granted to the US and Canada under Nafta, except the financial sector. It eliminates all performance requirements for foreign investment, such as obligations to transfer technology or meet local content rules, that govern industries such as car parts and computers.

Under Nafta, Mexico agreed

to open up only partly some sectors such as airlines to foreign investment. Others, such as the car parts industry, secondary petrochemicals, and mining, were fully opened. Nafta also put into law existing regulations that permitted 100 per cent investment in most businesses. Such rules will now apply to all countries.

However, investors outside the US and Canada would not have recourse to arbitration panels in disputes over investment, as envisaged under Nafta, nor would they be guaranteed the same treatment as

domestic investors. Mr Pedro Noyola, the under-secretary for foreign investment in the Foreign Ministry, said Mexico was ready to open talks with countries on investor protection on a bilateral basis.

The proposed law, like Nafta, does not open up strategic sectors such as oil and satellites to private investment; other sectors, such as television and internal transport are reserved exclusively for Mexicans. It ensures majority Mexican control in areas such as agricultural trusts, telephone services and cable television.

The law goes further than Nafta in permitting foreigners to invest within 100km of the border and 50km of the coasts through Mexican incorporated companies in industry, hotels or commerce. At present such investment can only be made through trusts. This has made it difficult for foreigners to obtain bank loans, especially when trying to finance the building of hotels.

The legislation would limit foreign investment in banks and brokerages to 30 per cent, and 49 per cent in insurance companies.

US gives warning over foreign interests in Cuba

By Carole James in Kingston

Prospective foreign investors in Cuba have been warned by the US and by at least one company whose assets were seized by the Cuban government that they could face legal problems if they invest in nationalised property.

This follows recent Cuban statements that its efforts to attract foreign investors to several sectors of the state-controlled economy are succeeding.

Jamaica's economic development agency has told the island's hoteliers that the US government has suggested that they proceed with caution in investing in Cuban resort properties, as many of these could be the subject of legal proceedings in the future.

Barcardi, the world's largest rum producer, said on Wednesday that potential investors in Cuba faced legal risks if they became involved in confiscated property, including three brew-

eries and a distillery which were seized from it by the government.

The US State Department said it sent warnings periodically through government agencies in countries from which investments in Cuba are being made. Jamaican hoteliers have invested in Cuban properties.

"These notices have been sent not only to Caribbean countries, but also mainly to Europe, Canada and Latin America," said an official. "We cannot tell people not to invest in Cuba, but we are warning them that when the political and economic situation in Cuba changes, the real owners of the property will either want to recover their assets or will want what could be a significant compensation. Some will want both."

Mr Manuel Cutilias, president of Barcardi, has written to big distillers and brewers in several countries, saying the three Cuban breweries were on

a list of 131 properties for which the Cuban government was seeking foreign partners. The company's assets in Cuba were worth \$70m (\$47m) when they were confiscated, he said.

"It is Barcardi's position, supported by expert legal advice, that its confiscated assets continue to be its lawful property, and that no one who accepts a purported conveyance of any such property from the Castro regime will acquire good title under either Cuban or international law," Mr Cutilias said.

Earlier this month President Fidel Castro told foreign businessmen that investment opportunities in Cuba were worth many billions of dollars, and that the tourism sector alone had the potential for \$20bn in new foreign business.

He said opportunities for foreign investment in Cuba were going so fast there would be "not one square metre of beach" left for US companies because of Washington's economic embargo.

Brazil corruption inquiry is 'opportunity for democracy'

Angus Foster reports on hopes of a flushing out of the political system

In an annex to the Brazilian Congress in Brasilia, government and central bank officials have been poring over the financial records of some of the country's leading politicians. The findings, released amid the din of a congressional hearing, have detailed a wide network of political corruption, led to the downfall of several senior figures and threaten many others.

There is no consensus about whether these politicians are likely to be punished. But there is that the process is positive for Brazil's still emerging democracy.

After the peaceful removal of ex-president Fernando Collor last year amid separate corruption allegations, the latest scandal is seen as marking another chance to modernise the country's political system, which emerged in the mid-1980s from two decades of military rule.

"With democracy you learn by mistakes. After so many years of the military, it is taking time for society to win back control of their government," says Mr Fernando de Hollanda Barbosa, a Rio de Janeiro-based economist.

The scandal surfaced last month when a former government official accused nearly 30 politicians and former and acting ministers of involvement in corruption schemes. He said those involved had received fees in return for approving construction projects detailed in the government's budget.

A special parliamentary inquiry was set up and has unearthed payments, often of several million dollars, in the bank accounts of some of the accused.

Although no politician has admitted wrongdoing, the affair has already forced the resignation of Mr Henrique Hargreaves, the equivalent of a chief of staff, and two of the most senior figures in the country's largest political party, the PMDB. It is also likely to lead to further inquiries into related allegations, including claims that large construction companies paid fees to politicians in return for favours.

Among ordinary Brazilians, already cynical about their institutions after the resignation of former president Collor and his replacement by President Itamar Franco,

the affair has led to a wave of protest. Helped by intensive media coverage, public anger has been visible in marches organised in many Brazilian cities to demand action.

Mr Lucia Benezquer, a businessman in the south-eastern state of Minas Gerais, helped organise a march to the country's capital Brasilia and the lighting of a special torch. "The torch will burn until these people are punished," he says.

It may need to burn long. Constitutionally, congressmen have immunity from prosecution for any crime unless their respective houses vote to withdraw it. This unusually wide immunity was introduced after the military period to bolster the powers of Congress against the executive. Immunities have rarely been lifted.

Meanwhile, the inquiry's only form of punishment is the *cassaca* of anyone suspected of guilt, equivalent to the withdrawal of political rights and immunities.

Even without congressional protection, proving money came from corrupt sources would be difficult.

For example, some of the accused claim that money was left over from campaign contributions (though other politicians point out that campaigns usually run up big debts rather than profits).

These difficulties have prompted suggestions that, other than the *cassaca* of about 10 main suspects, the affair will blow over once the inquiry finishes just before Christmas. For real change, some analysts argue, Brazil needs an independent judiciary willing to prosecute. At present, Brazil's judiciary is poorly funded and is perceived as neither independent nor willing.

However, this view overlooks two important changes which are already taking place. Public anger has accelerated moves in Congress to confront long-standing problems for the first time. For example, the rules on immunity are likely to be tightened and the lower house is already considering lifting immunities more regularly. New regulations on regular disclosure of assets for all members of Congress are also being proposed.

Mr Jarbas Passarinho, a respected



Collor: corruption allegations



Francos: cynicism over promotion

senator and the chairman of the inquiry, believes Congress now has the chance to show it can tackle its own problems. "We have to convince the public that Congress is not the centre of all Brazil's wrongs," he says.

The scandal has also forced political parties to rethink plans on candidates for congressional and presi-

dential elections next year. Any politician with links to the accused is now vulnerable to press or political attack.

This has greatly worried the PMDB, which has been most closely linked with the allegations. Some party leaders say it will not survive the elections intact and that some groups may break away so as not to

be tainted. At least three potential presidential candidates have been touched by the scandal or have become targets of other allegations, such as the taking of illegal commissions, since the inquiry began.

Although the media, middle classes and the left will increasingly demand probity in politics, the process may take longer to take root elsewhere. For example, a frequently heard sobriquet in São Paulo about one of its leading politicians translates as "he robs but at least he gets things done".

Mr Nelson Jobim, a leading PMDB congressman, argues that candidates seeking re-election will have to prove their honesty, while new candidates will have to promise it convincingly. "Discussion of morality will be acute in the 1994 elections," he says.

However, a proportional representation system which strengthens regional rather than national affiliations and a weak party system which exaggerates the power of individuals will remain powers. "The majority of actors will change, but the personality-types will remain more or less the same," Mr Jobim says.

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NEWS: INTERNATIONAL

Protest at killing of Islamic fundamentalist military commander

Israeli troops wound 34 in Gaza violence

By Julian Ozzanne in Jerusalem

Violence flared in the occupied Gaza Strip yesterday as Israeli troops shot and wounded at least 34 Palestinians protesting at the Israeli killing of an Islamic fundamentalist military commander.

Militants of Hamas, the Islamic movement opposed to peace with Israel, blocked roads with burning tyres, clashed with Israeli troops and ordered a three-day general

strikes to mourn the killing on Wednesday night of Mr Imad Aqel, northern Gaza commander of Hamas' military wing. In a military communiqué, Hamas, recalling the words of Mr Aqel, said: "Killing Israeli soldiers is a worship by which we get close to God".

The eruption, the worst since the peace agreement between Israel and the Palestine Liberation Organisation was signed in September, came as Mr Yasser Arafat's Fatah faction of

the PLO was defeated in student elections at Beit Zait University in the occupied West Bank by a coalition of Hamas and left-wing PLO factions opposed to the peace accord.

The Beit Zait poll was the first electoral test of young Palestinians since the peace agreement was signed. It marked Palestinian discontent with the lack of results from the peace process and continued Israeli closure of the territories.

However, Mr Shimon Peres,

Israeli foreign minister, said yesterday he and Mr Arafat were optimistic about the peace process and confident agreement would be reached on implementing the peace accord and beginning Israeli military withdrawal from Gaza and the West Bank area of Jericho by December 13.

Israel and the PLO said talks on implementing the agreement, to be enshrined in the December 13 protocol, had, over the past two days,

reached broad agreement on the transfer of authority from the Israeli-run civil administration in Gaza and Jericho to Palestinian hands. Mr Hassan Asfour, a member of the PLO delegation meeting the Israeli side in the Egyptian resort town of El-Arish, said most matters had been resolved, including fisheries, religious affairs and identity cards.

In Cairo, separate Palestinian and Israeli negotiating teams were trying to reach

agreement on issues including the size of the Jericho area, the release of 10,000 Israeli-held Palestinian prisoners and control over border crossings between Gaza and Egypt and between Jericho and Jordan.

In talks in Paris, an Israeli official said Palestinian agricultural produce, previously barred from entering Israel, would be allowed in if both sides agreed on a customs union and free movement of goods and services.

Hosokawa in bid to settle coalition rifts

By William Dawkins in Tokyo

Japan's prime minister Morihiro Hosokawa yesterday met leaders of the seven parties in his fragile coalition, in an attempt to make progress on the most divisive tasks facing the government.

The meeting follows a warning from senior members of the Social Democratic party, the largest coalition member, that they will walk out if the government drops the ban on rice imports.

The SDP has threatened to defect on other issues before, risking the collapse of the coalition, but has each time compromised.

This time, it will be harder for the rest of the coalition to satisfy the SDP on rice, because it is holding an agreement between coalition members in July, when the government was formed, to oppose rice market liberalisation.

Mr Hosokawa told the SDP at a meeting earlier this week that he cannot negotiate on rice "if my hands are tied," SDP officials said.

Pressure on the coalition to settle its internal differences on rice is increasing with the approach of the December 15 deadline for concluding the Gatt world trade liberalisation talks.

An agriculture ministry draft, leaked to the Japanese press, is said to propose a period of limited market opening until 1991, to be followed by negotiations to allow imports subject to tariffs.

The SDP remains out of line with the rest of the coalition on most of the main issues. On rice and on political reform, it is in curious company with the right wing of the opposition LDP.

The LDP was yesterday delaying the start of a debate on four political reform bills in the upper house, on which many Socialists also have reservations. This increases the



Hosokawa: 'hands tied'

likelihood that Mr Hosokawa will have to prolong the current parliamentary session beyond its normal closure on December 15, to meet his deadline of passing the bills by the end of the year.

Coalition leaders appear to be making progress, however, towards settling the main difference over tax reform with the SDP.

The Socialists opposed initial plans for an income tax cut, to be automatically followed by a consumption tax rise, on the grounds this would hit the less well-off.

The coalition is understood to be in the final phase of preparing plans for a tax cut to be financed by the issue of treasury bonds, to be followed by a possible rise in consumption tax at an unspecified later date.

Department store sales fell 6.5 per cent year-on-year in October, for the 20th month running, according to the Japan Department Stores' Association. This is slightly better than the previous month's 6.7 per cent fall, but November sales are expected to be poor.

Egyptian PM escapes Jihad bomb blast

By Mark Nicholson and Shihara Idriss in Cairo

Mr Ataf Siki, Egypt's prime minister, yesterday escaped an assassination attempt by Islamic militants after a powerful bomb exploded beside his motorcade near his home to northern Cairo, killing a schoolgirl and injuring at least 11 others.

Mr Siki, 63, was unscathed. Jihad, an extremist Islamic group, immediately claimed responsibility. The bombing was to "avenge the blood of the martyrs", a reference to Jihad members killed by security forces or sentenced to death in recent trials.

The attack is the third failed assassination attempt on an Egyptian minister in eight months. Mr Saif al-Sherif, information minister, survived a shooting near his home in April, while Mr Hassan al-Ahli, interior minister, was injured when a bomb exploded near his motorcade in central Cairo in mid-August, an attack also claimed by Jihad.

Six cars parked 800 metres from the prime minister's home were damaged by the

blast: one, presumed to have contained the bomb, was destroyed. Mr Siki, on TV a few hours after the attack, warned the government would toughen its clampdown on Islamic extremists. "We are going to control this by all feasible, and any other means," he said.

Eight members of Jihad, which its members claim is a revival of the group which assassinated President Anwar Sadat in 1981, were sentenced to death on terrorist charges last month. Nearly 40 extremists have been condemned to death since the government introduced special military courts earlier this year, and 18 have been hanged.

The government's security operations have led to an abatement in attacks on tourist targets and bombings in the Egyptian capital, although the killing of a Muslim extremist and police have persisted in Upper Egypt. Since last year 210 people have died in extremist violence.

Another 400 alleged members of Jihad are scheduled for trial, facing possible death sentences, in the next few months.

Asian Moslems score gains

By Victor Mallet in Bangkok

Fundamentalist Moslems won two victories over their secular opponents in south-east Asia yesterday, underlining the growing importance of Islam in the region's politics.

In Jakarta, the Indonesian government bowed to pressure from students and religious leaders and abolished a national lottery after weeks of demonstrations.

Gambling is prohibited under Islam, and the lottery was criticised for the way it was managed and for attracting money from people who could ill-afford it.

Ms Endang Kusuma Suwang, Indonesian social affairs minister, told a parliamentary commission that the government was reversing an earlier decision to continue the lottery, which raised money for sports and welfare projects and contributed to the government's tax revenue.

Hundreds of students, confronted by riot police outside the parliament buildings, cheered the minister's announcement.

In Malaysia's Kelantan State, 1,400km to the north west, the state assembly unanimously passed a bill to introduce a sharia criminal code that includes stoning to death for adulterers and the amputation of limbs for thieves.

The Kelantan coalition government is led by fundamental-



Moslem students outside the Jakarta parliament demand the abolition of the national lottery.

ists from the Parti Islam se-Malaysia (PAS) who oppose the federal government of Dr Mahathir Mohamad, the prime minister.

Malaysian officials say that for the measures to take effect in Kelantan, PAS will have to engineer a two-thirds majority in the national parliament in Kuala Lumpur to change the constitution.

A constitutional amendment is likely to be blocked by Chinese Christians and moderate

Moslems but the federal government has reason to be concerned among the state legislators who voted for the sharia bill were two representatives from Dr Mahathir's ruling National Front.

"Let the law of the state be Islamic law," Mr Wan Najib Wan Mohamad of the National Front was quoted by the Bernama news agency.

Jakarta has ruthlessly suppressed an Islamic separatist rebellion in Aceh, northern

Sumatra, but both President Suharto of Indonesia and Dr Mahathir have sought to co-opt staunch Moslems by encouraging "interest-free" Islamic banking and establishing Moslem organisations.

Indonesia, with 90 per cent of its 190m inhabitants nominally Moslem, has the world's largest Moslem population. In 1991, Mr Suharto undertook a pilgrimage to Mecca and returned with an honorary first name, Mohammed.

Taipei eases foreign investment curbs

Taiwan yesterday announced a package of reforms easing curbs on foreign investment in its financial markets to accompany the island's bid to join the General Agreement on Tariffs and Trade, Reuters reports from Taipei.

All curbs on remittances of capital gains and principal out of Taiwan by foreign investors in the island's securities markets would be removed, the

finance ministry said. Foreign investors would have nine months after initial approval to bring funds into Taiwan, up from six months at present.

The 10 per cent ceiling on combined foreign investment in any individual stock, and a 5 per cent ceiling on investment in any one foreign institution, would both be raised.

An official said the first ceiling would be raised to 20-30

per cent, and the second to 10-15 per cent.

The ministry planned to abolish all curbs on foreign investment in securities houses, insurance firms and investment companies. The reforms "will open our markets, helping us to join Gatt and speeding our development into a regional financial centre," the ministry added.

All relevant government

agencies had agreed to the reforms, which still needed the approval of the cabinet and in some cases parliament. No schedule was set. Foreign fund managers welcomed the reforms. Curbs on fund remittances, such as a rule that capital gains can only be remitted once a year, have helped deter inflows of foreign equity investment funds, totalling \$1.86bn (£1.24bn) since 1991.

Top Thai broker fined £1m

By Victor Mallet in Bangkok

The Stock Exchange of Thailand yesterday fined Phatra Thanakit, a leading stockbroker who co-operates with S.G. Warburg on company research, a total of Baht 40m (£1m) for breaching exchange rules. Officials said they thought the fine was the largest imposed since the exchange was founded in 1975.

Phatra Thanakit was guilty of automatically channelling a stock order from a sub-broker on to the market instead of re-keying the order on its own

computers, the exchange said. The practice is believed to be common in Thailand, and the misdemeanour only came to light because the sub-broker, Peregrine Finance and Securities, mistakenly issued a sell order worth \$1bn (\$500m) for 200m shares in Ayudhya Investment and Trust (Aitco) instead of the 2,000 actually being sold by a client.

Aitco only has 25m shares in issue, and 18m were sold before Phatra and the exchange was able to correct the mistake. The transactions were subsequently annulled, saving Phatra from substantial losses.

Phatra shares were suspended, and after the suspension was lifted yesterday the shares dropped almost to their 10 per cent limit, falling Baht 68 to Baht 636.

Some rival stockbrokers said the fine was reasonably severe, amounting to more than 4 per cent of Phatra's Baht12m net profit in 1992. They noted it did not preclude further action by the Securities and Exchange Commission.

Others, however, criticised the exchange for cancelling the Aitco transactions.

Investors wary about China

Asian contractors and western equipment suppliers were yesterday pondering the opportunities offered by Chinese plans to spend as much as 700bn yuan (\$140bn) over the rest of the decade in upgrading the country's transport and service infrastructure.

But a degree of wariness greeted the plans announced on Wednesday by the official Xinhua news agency, which said foreign participants would be encouraged to invest in joint ventures or as sole operators for the railway, highway, waterway, pipeline and civil aviation schemes Beijing envisages.

Some operators in the Chinese market noted that, while the authorities are clearly concerned that inadequate transport is holding back growth potential in the economy, large-scale national programmes announced in the past had amounted more to wish-lists than realistic shopping lists.

Others, pointing to the difficulties inherent in doing business in China, added that infrastructural projects rarely offered the best returns.

Companies in Hong Kong are arguably best placed to benefit from China's need for foreign participation in infrastructure development. They dominate foreign investment in road, rail, and electric power and are important players in the mainland's emerging market for telecommunications services.

In spite of porous *guanxi* (connections) many have encountered difficulties at the working level. Hopewell Holdings is currently building a six-lane toll-way between Shenzhen and Guangzhou in Guangdong. The road was due to be open in June this year. By the end of the year, at best, two phases of the four-phase project may be ready.

South Korean construction companies, which have been shifting their focus from the

Middle East to Asia during the last decade, view China as a new lucrative market. Several proposed ventures have collapsed, however, including the construction of 100km motorway between Hong Kong and Beijing that involved Dong-Ah Construction and Pohang Iron and Steel.

Japanese banks may be thought of as a source of funding - the railway lines of northern China, way constructed under Japanese authority early this century, and Industrial Bank of Japan helped to raise the necessary finance by underwriting Manchurian Railway Bonds in 1907. But one banker in Tokyo yesterday suggested that infrastructure projects such as railways and ports appear to be among the least attractive to China, as ensuring a flow of hard currency for repayment would be difficult to arrange.

Most of the Japanese institutional lending has been aimed at hotel projects and joint venture companies. A China department manager at another Japanese bank, saying that "China is an awkward place to do business and you have to be aware of the risks," believed that infrastructural projects "would have to be very attractive if we were to be involved."

All the same, contractors in the region are pursuing what deals they can. Korea's Dong-Ah, in spite of its other setbacks, signed a letter of intent with the Beijing municipality in July to build motorways, a subway and cement plant in the city with a total value of \$50m. Hyundai Engineering and Construction is bidding for a \$30m dam project on the Yellow River, which should be tendered within the

next year or two.

Of leading Hong Kong companies, Hutchison Whampoa owns 70 per cent of a Yuen 500bn container port development at Yantian in Shenzhen. New World Development is involved in road and power station construction in Guangzhou, while Cheung Kong - which also controls Hutchison - has interests in electric

power generation.

Consolidated Electric Power Asia (Cepa), a unit of Hopewell which it plans soon to float, is building its second thermal power station in Guangdong.

Among western suppliers which will be paying particular attention to China's spending plans are those providing railway equipment: the country aims to boost its railway network from 53,000km to 70,000km by the year 2000 and increase rolling stock capacity by 20 per cent.

According to Siemens of Germany, because of China's 1.2bn population and car ownership likely to remain at relatively low levels, the country needs an extensive public transport infrastructure.

China has a well-developed railway equipment industry, with 33 locomotive companies and rolling-stock factories. Steam engine production at the main Datong works ceased in 1988. The main emphasis has been on diesel and electrical units.

The majority of China's diesel and electric locomotives are locally built, but imports also rose sharply in the 1980s, with foreign suppliers including General Electric of the US, Alstom of France (now GEC Alsthom) and Electropure of Romania. Rolling stock has been supplied from the former East Germany.

Because of the strong local industry, Ases Brown Boveri, the Swiss-Swedish group, believes opportunities are more likely in supplying sophisticated components rather than complete foreign-built vehicles.

Technology transfer for modern locomotive propulsion is one option. ABB has signed a letter of intent for a joint venture to produce signalling equipment, which it sees as a way for China to better use its railway network, safely.

Siemens also stresses the importance of local partnerships, and sees two key opportunities from the Chinese market. The first is in urban mass transit. A consortium including Siemens and AEG last week clinched a DM700m (\$277.7m) deal to supply the trains and related electrical equipment for an underground railway in Guangzhou in the southern province of Canton.

Similar projects could be available in six or seven other Chinese cities in the next five or 10 years, Siemens said.

The second main opportunity is in national railway services, where China is considering building a high-speed rail network. The first step would be a line from Beijing to Shanghai, which China has already been discussing with the big western suppliers, notably Siemens with its ICE train and GEC Alsthom, which builds the TGV.

Expansion of the railway network also creates export opportunities for suppliers of premium grade rails such as British Steel. The UK steel producer sold 10,000 tonnes of such rail to China last year and yesterday welcomed the planned network expansion.

Reporting by Andrew Baxter in London, Simon Holberton in Hong Kong, John Barton in Seoul and Robert Thomson in Tokyo

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Hajdúsági Iparművek Részvénytársaság
(Hajdúsági Iparművek Public Limited Company)
(4243 Tégfás, Hungary).

The registered capital of Hajdúsági Iparművek Rt. amounts to HUF 580,000,000.- (i.e. five hundred and sixty million Hungarian forints), 70 % of which will be sold.
The face value of the block of shares to be sold is HUF 392,000,000.- (i.e. three hundred and ninety two million Hungarian forints).
The equity of the Company is HUF 814,402,000.-.

Scope of activity: production of washing-machines and electric water-heaters.

The bids can be submitted provided the tenderers have purchased the bidding documents including the order of procedure and the information memorandum at the Secretariat of MERITUM Trust & Investment Co. (1146 Budapest, Halmi út 17. 10th floor, room No. 1005, phone: 122-9898, 141-4357). Before purchasing the documents the tenderers shall sign a Statement of Secrecy concerning the data and information received. The price of the bidding document package is DEM 700.- to be paid to MERITUM Co.'s account No. (218-83098) 901-06019 with IBUSZ Bank Ltd. (Budapest).

The bids shall be submitted in three copies
on 6th January 1994 between 10.00 and 12.00 a.m.
at the Registry Office of the State Property Agency
Address: 1133 Budapest, Pozsonyi út 56.

The bids will be opened in camera, in the presence of a notary public. The announcer will notify the tenderers of the results of the tender until 31st March 1994.

Regarding the tender any further information can be obtained from Mr. László Lék or Mr. Péter Bányász, MERITUM Co.

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36-1-141-4357
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NEWS: UK

Judge dismisses Polly Peck disqualification move

Andrew Jack

A HIGH COURT judge has dismissed on lack of evidence attempts to bring disqualification proceedings against four directors of Polly Peck International, the collapsed fruit-to-electronics conglomerate.

In transcripts of a hearing earlier this month which have just become available, Mr Justice Lindsay calls the case made against the directors

"at best speculative and very weak".

His ruling covers Mr David Fawcus, Polly Peck's finance director, Mr Mark Ellis, joint managing director in 1988-89, and Mr Lawrence Tindale and Mr Ulf Siebel, two non-executive directors.

The judgment will prove an embarrassment to the Department of Trade and Industry, which was last month heavily criticised in a National Audit Office report on the

process of directors' disqualifications.

It appears to focus any responsibility for alleged misconduct among the directors solely on Mr Asil Nadir, the former chairman of Polly Peck facing charges valued at \$24m for theft and false accounting who illegally jumped his bail conditions and fled to northern Cyprus in May.

The DTI was requesting more time to bring disqualification proceedings

beyond the normal statutory limit of two years following the insolvency of the company.

But the judge said there had been delays in preparing the case that were "unreasonable", and that there was "no good reason" for the extensions sought. He added that further delays would prejudice the directors under scrutiny.

The DTI's case was based on statutory reports submitted on each of

the directors made by Mr Christopher Morris, a partner with accountants Touche Ross and one of the joint administrators of Polly Peck.

Most of the reports are believed to have been couched in general terms without strong specific evidence that would justify disqualification. One against Mr Nadir was highly critical. The DTI initially launched and then dropped proceedings against three other directors: Mr Asil Doshi,

finance director until 1988, and Mr William Halpin and Mr Neil Mills, both non-executive directors.

The transcripts show that the DTI case against the directors was based on four general charges related to failures to introduce adequate financial controls, and to monitor or question spending in Polly Peck's Near East subsidiaries.

The DTI has just a few days left for an appeal.

Clarke hints at Budget tax rises

By Philip Stephens, Political Editor

Mr Kenneth Clarke offered a clear hint yesterday that the burden of tax increases in next Tuesday's Budget would fall on consumers rather than industry.

The chancellor's comments came amid Whitehall speculation that he will seek to soften the impact on the construction industry of government spending cuts by setting firm targets for privately-financed infrastructure projects.

The officials said that to avoid the embarrassment of a tight squeeze on the government's own capital spending they expected Mr Clarke to outline in much greater detail the contribution he expected private finance to make to new roads, prison building and housing projects.

Speaking in the his last Commons appearance before the Budget, Mr Clarke was at pains to deny that he was offering a foretaste of next Tuesday.

But his repeated emphasis in a generally upbeat assessment of economic prospects of the need to expand Britain's manufacturing base left Conservative MPs in little doubt that industry would escape relatively lightly.

The chancellor told MPs that it was true that "we have to get industrial production up higher", adding that: "We all meet businessmen and those working in industry who know at the moment conditions are very difficult indeed". He emphasised also the need for faster falls in unemployment, saying it remained at "an unacceptably high level".

Facing a sharp attack from Mr Gordon Brown, the shadow chancellor, on its "broken promises" on taxation since the election, Mr Clarke reinforced expectations of further increases by stressing that his party had not committed itself never to put up taxes.

But he appeared to rule out that any increase in the standard 17.5 per cent rate of Value Added Tax by insisting that Labour predictions of such a move remained "spurious".

That left Conservative MPs predicting that the brunt of tax increases was most likely to fall on income tax allowances and on a possible extension of the VAT base. There are also expectations that Mr Clarke will again postpone the abolition of stamp duty on share transactions.

Trademark code 'should save UK industry £60m'

By Robert Rice, Legal Correspondent

Government proposals to reform trade marks law should save British industry £60m in the first year after implementation, according to Mr Patrick McLoughlin, trade and industry minister.

The Trade Marks Bill, published yesterday, will make it simpler and cheaper for businesses to protect their trademarks overseas and bring UK law into line with Europe, he said.

Half the savings in the first year will come from the UK's ratification of the Madrid Protocol on the international

registration of marks.

This will enable businesses to register their trademarks in all the countries which are party to the Madrid Agreement with a single application. At the moment companies have to make separate applications using local lawyers each time.

The remainder of the savings will come from the streamlining and deregulation of procedures and from making it easier for businesses to protect valuable marks without having to bring expensive and lengthy passing-off actions.

Some trademarks have been valued in balance sheets at several hundred million pounds each, Mr McLoughlin said.

The legislation will also replace the outdated tests for distinctiveness. In future registration will depend on whether a trade mark is actually distinctive in the market place.

This means it will be possible to register three dimensional shapes and geographic words as long as they are distinctive. At the moment this is impossible under current law following decisions by the UK Law Lords in cases involving Coca-Cola bottles and York Trainers.

Mr McLoughlin said it might also be possible to register a colour or even a sound or a smell as a trademark, provided it was sufficiently distinctive and could be represented graphically.



MPs from Britain's three main political parties yesterday launched a poster campaign urging chancellor Kenneth Clarke not to impose value-added tax on publications in next Tuesday's Budget

Hitler saw wartime Britain as divided

Adolf Hitler believed that Britain suffered from such severe internal divisions that at the end of 1941 it could be defeated without an invasion, according to hitherto unpublished documents from Britain's Public Record Office, Stewart Dalby writes.

The intelligence files also appear to refute accusations that Mr Winston Churchill, the British war-time prime minister in 1941, knew in advance about the Japanese attack on Pearl Harbour.

The secret material, released as part of Britain's "open government" initiative, involves 1,200 files which additionally appear to confirm that as early as 1942 the British government knew about deaths at Auschwitz camp.

The reports include a report from the Japanese ambassador in Berlin on German war plans as told to him by Joachim von Ribbentrop, Hitler's foreign minister, and give new insights into novel code-breaking initiatives in Britain which reveal that the Führer believed that conditions in Britain were bad and thought that as a result of Germany's future operations, it might be, without an invasion, Britain might be beaten.

He cited the split in the Conservative party, the lack of confidence in Winston Churchill, and the revolutionary ideas of the Labour party were making internal conditions quite difficult.

The class of records published contain the actual intelligence documents with their cover notes passed to Churchill, or in his absence to the Lord Privy Seal or deputy prime minister, complete with annotations and minuting. The documents are available for inspection at the Public Record Office near London, Surrey from today.

Vehicle tag plan for motorways

By Philip Stephens, Political Editor

The introduction of direct charges on Britain's roads will be delayed until after the next general election by a government decision to rule out a system of permits to finance maintenance and improvement of the motorway network.

Instead Mr John MacGregor, transport secretary, has been given the go-ahead to develop his long-term plan for electronic charging of motorway users.

He believes electronic road tolls - based on computerised recorders or tags installed in cars and lorries - could be in place by 1996, a year or so after the last date for the election.

The government's discussion paper on road pricing suggested a permit system could bridge the gap before the technology now under development is sufficiently advanced to introduce electronic pricing.

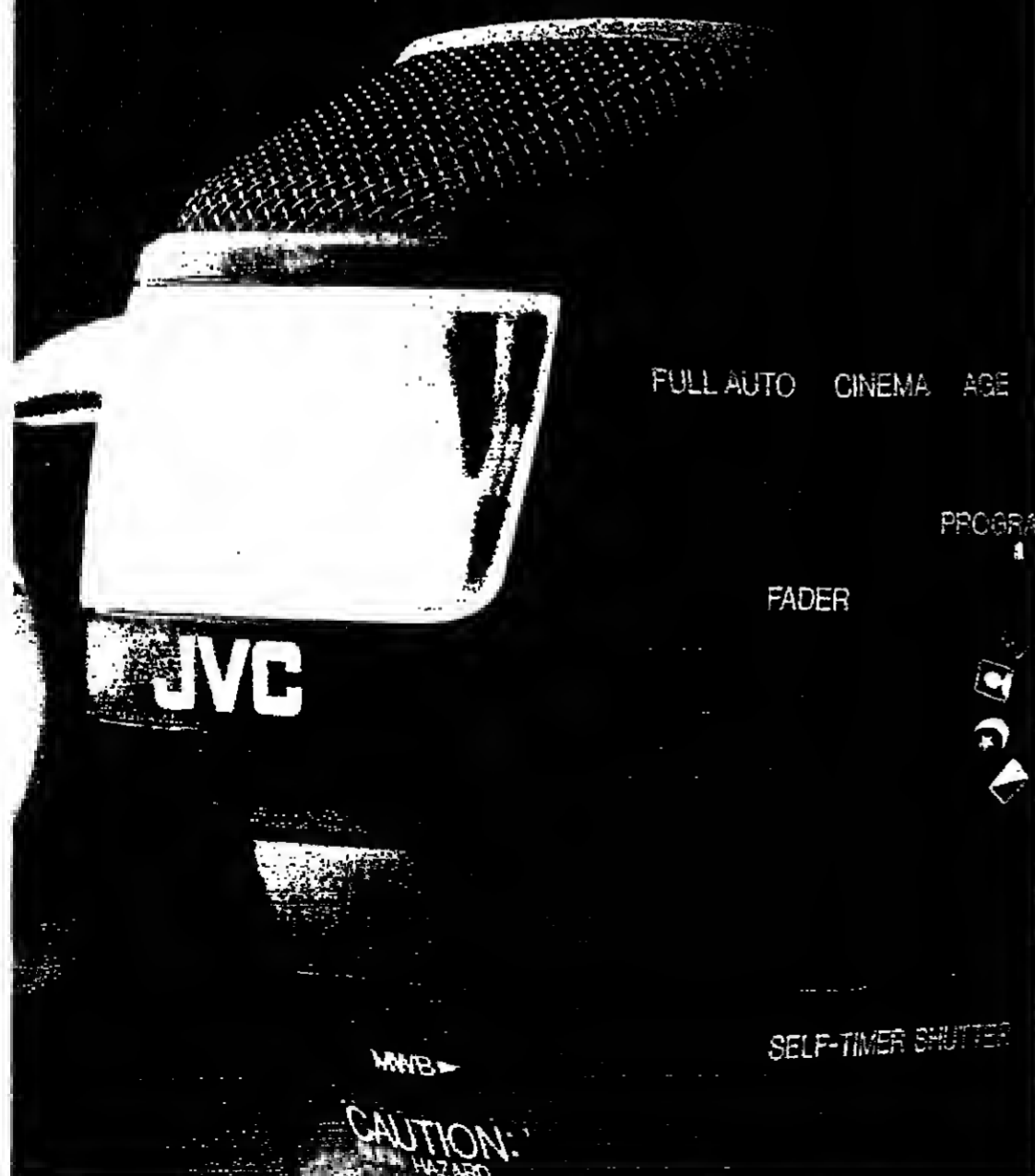
Ministers said that the government could introduce a scheme similar to Switzerland's vignette system - under which motorists display a permit bought from post offices or petrol stations - by 1996.

But Mr MacGregor intends to announce within the next few weeks that the government has decided the idea is unworkable.

Ministers decided that it would be foolish to introduce any charges before the next general election. And they concluded that the flat-rate charges implied by permits would alienate many of the Conservative Party's traditional supporters.

The practical difficulties included the fact that the cost of permits would bear no relation to use, or timing of journeys. Once they had bought a permit motorists might increase their use of motorways to get the most from the cost. A flat-rate charge would also provide no incentive for off-peak periods. By contrast electronic pricing would provide the flexibility to vary charges for length and timing of journeys and charges would be on a strictly pay-as-go basis.

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EuroAir sues BAE for \$70m over aircraft

By Paul Betts,
Aerospace Correspondent

British Aerospace was yesterday sued for more than \$70m by a small Portuguese regional airline for alleged breach of contract and recurrent defects to three BAE Advanced Turbo Prop (ATP) aircraft it operated between 1989 and 1992.

EuroAir, formerly a regional subsidiary of the Portuguese state-owned airline TAP, issued the writ in the UK Commercial Court, claiming it had been persuaded to acquire the ATPs by the "negligent misrepresentations of BAE".

It claimed that from the time it began operating the aircraft on the Oporto to Lisbon route, it experienced "recurrent technical breakdowns due to faults in the aircraft designed and manufactured by BAE".

EuroAir is claiming "in excess of" \$70m damages from BAE and CIBC Finance Plc, the lease financiers of the aircraft,

for being in breach of the implied terms of the leases.

The court documents show that CIBC Finance, part of the Canadian Imperial Bank of Commerce, repossessed the original three aircraft and claims EuroAir owes it \$37.5m.

But the airline disputes this indebtedness and claims credit for the value of the three aircraft upon repossession of about \$39.2m.

EuroAir claims it lost \$11.1m during the period it operated the aircraft and an additional \$66m for the effect on future trading profits.

BAE last night declined to comment on the writ except to say that 50 ATPs were currently in service with airlines in the UK and overseas and were "operating successfully".

The writ coincided with BAE's announcement that it was studying forming a joint venture to develop and manufacture turbopropeller aircraft with Indonesia's state-owned aerospace company IPTN.

Minister rebukes Nuclear Electric

By Michael Smith

Nuclear Electric, the state-owned electricity generator which runs 12 power stations, yesterday received a highly unusual government rebuke when Mr Tim Eggar said it was for ministers to decide whether the industry should be privatised.

The energy minister said the industry had to be realistic both about the desire of government to offer financial support and about "difficult issues" it would be raising in the forthcoming nuclear review.

Any decisions about privatisation would be taken by the government "when it is appropriate to do so and not before". His comments in a speech to

trade unionists represent one of the strongest attacks by a minister on a state-owned company. They follow Nuclear Electric's decision to stage a public campaign for privatisation ahead of the nuclear review the government has promised to launch this year.

Nuclear Electric also angered the trade and industry department in October by seeking planning permission for its proposed Sizewell C nuclear plant in Suffolk prior to the outcome of the review.

Mr Eggar provided some comfort for Nuclear Electric by saying the long-term future of the nuclear industry must be in the private sector. "I do not think the question is whether, but how and when it gets there."

Dublin police probe leaked memo

By David Owen

The Irish government yesterday underlined how seriously it regards last week's leaking of draft proposals for a political settlement on Northern Ireland by bringing the Irish police commissioner Mr Patrick Culligan into its efforts to track down those responsible.

The move came as the IRA said it was committed to securing "a just and lasting" peace, while accusing London and Dublin of "playing politics" with the issue.

Using an article in its Republican News mouthpiece, the

IRA sought to undermine recent suggestions it might be tiring of the armed struggle.

The governments in London and Dublin should "harbour no doubts about the determination with which we, our activists and supporters will apply ourselves to realising our objectives," the article warned.

Accusing Britain of being "negative and dismissive" about the initiative launched by Mr John Hume, leader of the mainly Roman Catholic Social Democratic and Labour party, and Mr Gerry Adams, president of Sinn Féin, it rejected as "propaganda" the view that Republican involve-

ment in seeking peace stemmed from a position of weakness.

It said the initiative offered "the opportunity to move the situation on." "If the London and Dublin governments are saying they have an alternative then let us hear it."

In Dublin, Mr Dick Spring, the Irish foreign minister, offered fresh assurances to unionists about Dublin's intentions in efforts to reach a settlement.

"There should be no fears or suspicions among unionists. We are trying to end a very complex problem and bring about a situation where there

is peace on this island and people can live and work together as friendly neighbours."

"I just wish that people could see that and have talks on the basis of tolerance and respect."

He hit out at the perpetrators of last week's leak, branding the perpetrators "the real betrayers of both communities in Northern Ireland."

Mr James Molyneux, the Ulster Unionist leader, this week urged Mr John Major to drop his search for a comprehensive settlement, claiming Dublin's proposals offered "a structure that would bring about the unification of the Irish territory."

Model plan for Ulster assembly

David Owen on James Molyneux's blueprint for devolved power

The chances of a new Northern Ireland assembly appeared to improve this week after Mr James Molyneux, the Ulster Unionist party leader, gave his stamp of approval to ministerial efforts to broker a compromise on a form of devolved government for the province.

As leader of the province's largest political party, with nine MPs available to bolster Mr John Major's slim Commons majority, Mr Molyneux has an effective veto over the government's proposals.

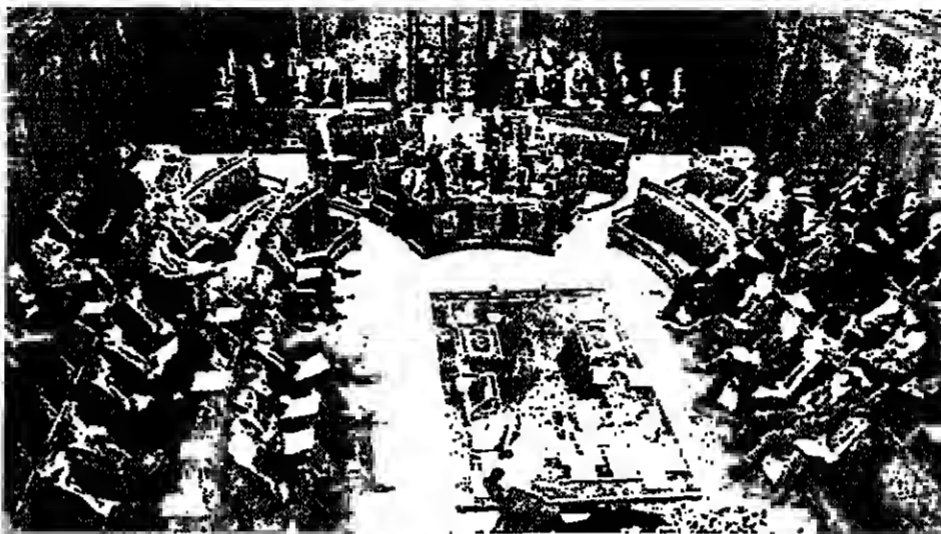
At last year's abortive talks, a working party including all four constitutional parties agreed a blueprint for an 85-seat assembly with some legislative powers.

It is this provisional model which provides the best pointer to how the new body might be structured. It is far from certain, however, that all party leaders would find it acceptable.

The 85 assembly members would be elected under a system of proportional representation from the 17 Northern Ireland constituencies.

Unionists would probably push for most legislative powers to be retained initially in London. But Mr Molyneux accepts that even if the assembly effectively began life as a regional council, its role would later be expanded if it functioned effectively.

"I have always said I am in favour of devolved government at as high a level as can be obtained without paying



The Northern Ireland Assembly meeting in the main chamber at Stormont in 1985

the price of unworkability."

Rev Ian Paisley's hardline Democratic Unionist party has proposed that the assembly have a right to submit to parliament any proposal securing the support of 60 per cent of assembly members.

There would continue to be a Northern Ireland secretary, but each of the Northern Ireland Office's government departments would be answerable to an elected assembly member. There are currently six departments, but they could be divided into smaller units.

It is understood that agreement was reached for these departmental heads to double up as chairmen of the assembly's committees. A formula would be applied to try to ensure that the number of these positions held by each party was proportionate to its numerical strength in the assembly.

The working party is also said to have agreed that a three-member 'panel' be set up, with its members elected in a similar way to the province's three MEPs.

This panel could be given powers of adjudication over controversial matters. Under one possible mechanism, it would be brought into play if 30 per cent of assembly members so requested.

According to some accounts, the panel's role might include approving public appointments in the province and promoting its interests abroad.

In Mr Molyneux's view, there is a "fair chance" that Mr Michael Ancram, the Northern Ireland minister, can find common ground enabling the parties to start the process of restoring accountable democracy for the province "within a week or two."

He says he would back Mr Ancram if he secured agreement to the proposals outlined in the abortive talks. "If they find they cannot identify common ground at that level, they should move down the scale to a point where there is."

Britain in brief



UK official 'forgot' Iraq arms data

A top government administrator "forgot" to inform a minister that Matrix Churchill, an engineering company, had supplied Iraq with machine tools that had been used in the manufacture of missiles, the Scott Inquiry heard. Mr Eric Boston, the official with the Department of Trade and Industry responsible for export licensing, said he had been told about the project through a secret Whitehall committee investigating Iraqi arms procurement, but had forgotten about it over the summer holidays.

This intelligence indicated that Matrix Churchill's lathes had been turned to military use at an Iraqi factory. But Mr Boston neglected to mention this in a letter to the trade minister of September 1988 ahead of a crucial meeting with the company.

Employer plea on more taxes

The Confederation of British Industry issued a plea to Mr Kenneth Clarke to refrain from a tax increase in next week's Budget on the grounds that this would jeopardise the recovery.

Mr Sudhir Junankar, head of economic trends for the employers' organisation, said any tax increase on Tuesday would put the UK into "uncharted waters" coming on top of the £6.7bn of higher taxes already announced for next April.

In its quarterly economic forecast the employers' body is drastically reducing its estimate of likely UK growth next year because of the effects of the fiscal tightening and weak demand prospects in many overseas markets. It is particularly worried by the outlook for companies whose profits are expected to grow only slightly next year after a big jump this year.

Wage pressure seen as danger

Manufacturers in the West Midlands fear that growing pressure for higher wages will damage both their competitiveness in export markets and the chances of a quicker recovery of the domestic economy.

The fears emerged at a meeting in Birmingham of the regional council of the Confederation of British Industry. They reflected the increasing difficulties of exporting companies in hanging on to their customers in depressed European markets, particularly Germany.

There are no reports of industrial disruption, said Mr Bryan Townsend, the chairman of the regional CBI and chairman of Midlands Electricity, but "there is pressure on wages we have not seen in recent times. We are seeing it at a time when margins are getting tighter."

Maritime group established

An Alliance of Maritime Regional Interests in Europe (AMRIE) is to be set up to provide a coordinated political voice for the maritime regions at European, national and regional levels.

AMRIE's main office will be based in north east England, in Tyne and Wear, it will also have a Brussels office.

The body, which is an initiative launched by three MEPs to boost economic development and environmental protection within maritime regions, has support from private enterprise as well as from public authorities.

Siemens-Plessey wins radar deal

Siemens-Plessey of the UK won a £25m radar contract from the Ministry of Defence. The RAF contract was won in the face of stiff international competition and boosts the chances of substantial export orders.

It is for three tactical air defence radars that will be used for operations overseas. They will replace existing Type 95 radars which have been in service since the 1960s and which are increasingly difficult to maintain.

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Foreign forays in bargain Britain

Peter Evans on the impact of direct overseas investment

The time to sell is when a foreigner starts to buy," is an old investment adage that held true in the UK in the late 1980s, between 1988 and 1990, an unprecedented wave of overseas money - some \$7.5bn - poured into Britain's commercial property.

In contrast, while capital value growth reached a peak in 1988, rising by some 20 per cent in that year alone, by 1990 values were falling sharply as the market reacted to rising interest rates, a deteriorating economy, weakening demand and oversupply.

In hindsight the burst of foreign investment activity was both poorly timed and too focused on central London offices. If overseas investment in UK property had ceased at the end of 1990, observers would have rightly described the foray as a passing fad that rose and fell with the boom and bust of the late 1980s. However, the recent renewal of foreign activity is a positive development, suggesting interest in UK property is likely to be sustained.

In the last property cycle in the late 1980s, overseas investors followed the market up to its peak and beyond; since last year they have been setting the pace in exploiting opportunities in the low point of the cycle - with property prices at historically high yields and the economy recovering.

As a result, the old investment adage now has a hollow ring; no doubt many UK investors wish they too had spotted the opportunities at the low point in 1992 and begun

buying as quickly as, for example, the Germans.

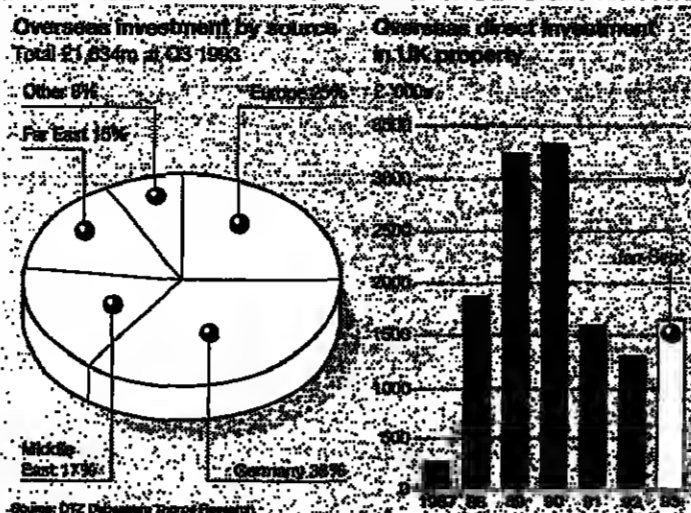
Although some way off the peak levels of 1988-90, foreign direct investment in UK property this year looks set to total \$2bn-2.5bn. This activity has been spurred by several factors, notably sterling's exit from the exchange rate mechanism last September which has made UK assets relatively cheap; lower interest rates; and an improving economy. Collectively, these factors justify industry expectations of continuing strong inflows of foreign investment at least until the end of 1994.

Another underlying attraction has been the UK's landlord and tenant system with its long leases, rent reviews and tenant responsibilities for repair and insurance.

At a broader level institutional investors look to cross-border diversification as a means of achieving a more balanced portfolio and a spread of risk. The continuing process of deregulation of cross-border capital transfers in Europe makes a globally spread portfolio more attainable. However, the inability of most European property markets to provide objective performance measures is a constraint on potential foreign investors. The UK's established market and reputation for high-quality measures of performance help ensure it receives at least its fair share of international flows of investment.

The greater overseas investment in the UK in the past year has been

UK property: challenge from abroad



generated from a large number of countries. Between 1988 and 1990, overseas investment was dominated by Japanese and Swedish investors; in 1992 the Germans were dominant, accounting for about 60 per cent of the total. This year German investors have been responsible for about a third of the £1.8bn total invested in the UK with other European sources accounting for 25 per cent, the Middle East 17 per cent and the Far East 15 per cent.

The broadening of the overseas investor base is an important change. It potentially heralds a

future pattern of activity less volatile than has been the case with one or two countries dominating the target country.

Cross-border investment is inevitably mercurial as it reflects a mix of forces at work in the source market as well as in the target market. As a result, there is a greater prospect that the more diverse mix of overseas investors will reduce the likelihood of sharp rises and falls in investment.

In addition to the enlarged investor base there has been a marked expansion in locations identified for

investments. A narrow focus on central London still predominates but over the past couple of years a quarter of purchases by overseas investors has been in the regional property markets.

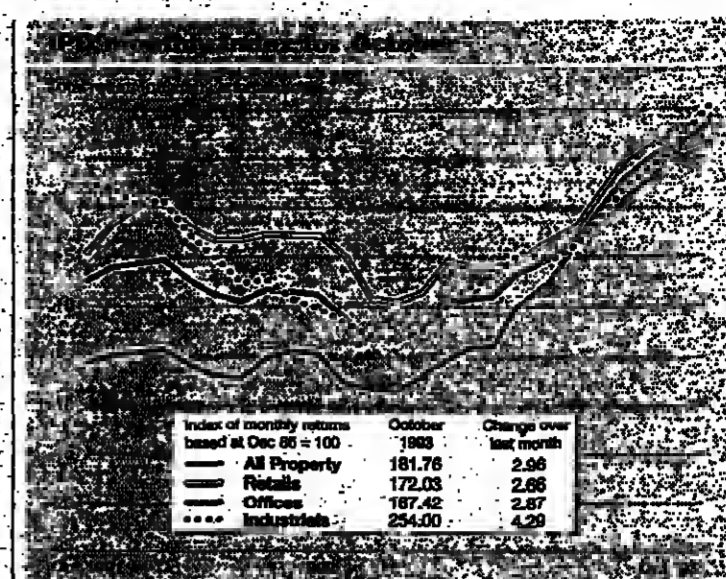
This reflects several influences: reduced availability of suitable property in London; an increasing understanding of the UK provincial market; and a belief that performance will be strong in certain sectors or regions. This broader approach to location is likely to continue.

Investment from overseas can now be considered a permanent and important part of the UK commercial property market. Over the past five years foreign investors have accounted for at least 15 per cent of all annual transactions. Yet their impact has been much greater than the figure suggests, given the particular concentration of foreign money in central London.

In the immediate future, although flows of overseas money for direct property purchases should continue to exceed £2bn a year, the greater geographical spread of investments across the UK will diffuse the impact.

Where the effect may continue to be strongly felt will be in the market for properties in excess of £50m. In this category, the capacity of certain overseas investors to compete for the most valuable lots should continue to bring an additional element of competition to an, at times, illiquid part of the market.

The author is director of research at DTZ Debenham Thorpe



Index hits record high

The total return on the Investment Property Databank all-property index in October was 1.7 per cent, taking the index as a whole to 181.76, a record. (The previous peak of 179.70 was reached in January 1990, at the end of the 1980s boom.) The total return for the first 10 months of the year is now 9.2 per cent.

Rental value growth was negative in October, but capital growth has been positive in each of the past five months, reaching 0.5 per cent last month. The all-property aggregate equivalent yield fell 0.1 percentage points to 9.5 per cent, its lowest level since February 1991.

Office and industrial sectors were the performance leaders, each posting a total return of 1.7 per cent; retail reported a total return of 1.6 per cent. For the year to October, total return on retail property reached 10.4 per cent, with industrial property at 9.8 per cent and office property at 7.3 per cent.

IPD says: "Market circumstances are unprecedented. With the downward trend in rental values now stretching to within a month of three years and yields half a point below their peak, the index of total returns manages to reach a record high off its biggest monthly movement in five years: a boom and recession at the same time?"

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A publicity-shy son of aristocrats who made their name fighting for the former kings of Italy may not be the most obvious future boss of Fiat, one of Europe's biggest industrial companies. The choice seems even less appropriate for someone whose entire career has been in finance and whose sharp looks are more those of the international investment banker than the hard-nosed industrial manager typical of the Turin-based car group.

Yet in spite of his reluctance to be interviewed, let alone quoted, Gabriele Galateri di Genola, managing director of the Fiat-dominated IRI investment company, is tipped to head Italy's biggest private-sector company before long.

Any change at the top of Fiat will be part of the gradual change already under way within the group, which has seen the controlling Agnelli family progressively withdraw from everyday involvement and a new cadre of top-line managers increasingly take over the reins.

"I'd take him on tomorrow if I thought he'd move," is how one of Fiat's leading rivals sums up his view of Galateri.

However, the chances are remote that the man who was promoted this month to managing director of IRI, the quoted investment company which controls IRI, will break ranks with the quasi-regal Agnelli who control the Fiat empire. His loyalties are pegged to the family, notably Umberto Agnelli, IRI's chairman and the younger of the two Agnelli brothers who dominate its far-flung business interests.

Together, Galateri and Umberto Agnelli have built up IRI from a captive Fiat company, whose main asset was Fiat shares, into an internationally diversified holding group with activities ranging from retailing to resorts, food to fancy goods. The strategy has worked: consolidated net profits soared 260 per cent from L54bn (£21.3bn) in 1987, just after Galateri joined, to L138bn last year.

Galateri's loyalty to his employers may be in the blood. His Piedmontese antecedents were among the closest supporters of the House of Savoy - Italy's former royal family - and its Turin court.

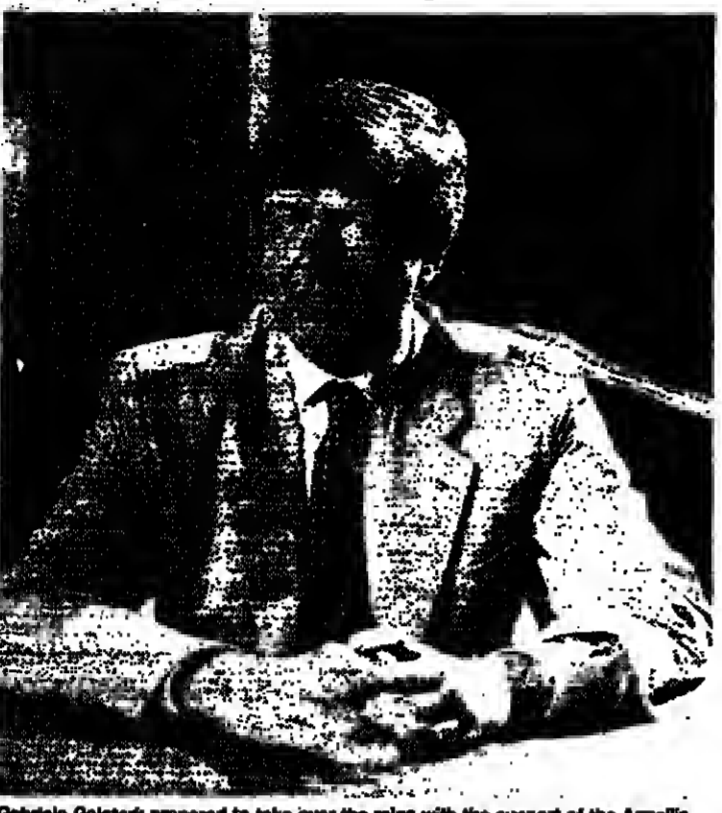
Yet Galateri anchors the Italian tendency of identifying companies with their controlling shareholders or managing directors. "The star system in Italy is something I don't personally like very much," he says.

His management style is exactly the opposite. Press shy to the extreme, his face hardly ever appears in the papers. Interviews are rare, while he refuses, unlike

EUROMANAGERS TO WATCH

Fiat's boss in waiting

Gabriele Galateri di Genola is tipped to head Italy's biggest private-sector group, writes Haig Simonian



Gabriele Galateri: prepared to take over the reins with the support of the Agnelli

many prominent colleagues, to be quoted on popular issues of the day.

Discretion may be the better part of valour. Still only 46, Galateri has swiftly and successfully climbed the Agnelli corporate ladder. After studying law at Rome, he took an MBA at Columbia and entered the international division of Banca di Roma. He then moved to St Gobain, where he became finance director of the Italian subsidiary at 27 and assistant to the group finance chief in Paris soon after.

In 1977 came the decisive move to Fiat, first as an executive in the finance department responsible for the Americas. Six years later, he was promoted to finance director. In

1986, he transferred to IRI with the mandate to rejuvenate what was largely a shell used for internal group transactions, such as the complex mid-1980s assets swap when cash-rich IRI bought a large block of Fiat shares formerly held by the Libyan government. His goals were to diversify and internationalise. Investments had to be made in non-cyclical businesses to complement the volatile car side. And the heavy dependence on Italy had to be reduced to smooth IRI's earnings stream.

Foods, tourism and, most recently, retailing were identified as ideal investment candidates, promising reliable, if undramatic, profits

growth and the potential for capital gains.

Product diversification went hand in hand with strategic partnerships with foreign specialists in IRI's chosen sectors, notably in France, to broaden its geographic scope. Those partnerships have been underscored by equity stakes, funded invariably through IRI's cash flow or rights issues rather than debt.

Saint-Louis, the French industrial group with substantial food industry interests, has become one key partner. IRI now holds more than 15 per cent and has an agreement to rise to more than 30 per cent, putting it on a par with the controlling Worms family.

Galateri's choice in tourism has also taken IRI across the Alps. IRI has an agreement with France's big Accor hotels group to create a new hotel chain in Italy.

But the most lucrative partnership so far involves BSN, the big French foods group, in which IRI has almost 6 per cent. IRI has made big capital gains by selling its domestic food operations to its bigger French partner, eager to break into the tightly controlled Italian market, while the two companies also have an ambitious joint venture in Asia. The strategies have worked well. IRI's dependence on Italy has fallen from 100 per cent in January 1987 to 51 per cent now. Over the same period, its exposure to Fiat has fallen to 34 per cent from 67 per cent.

This month brought two further advances for Galateri: his appointment alongside Umberto Agnelli as joint managing directorship of IRI, confirming his place as one of the Agnelli's most trusted lieutenants; and the conclusion of IRI's controversial bid to take control of La Rinascente, the Fiat-controlled retailer.

He denies criticism that Rinascente was foisted on IRI by Fiat's bankers to bolster Fiat finances during a heavy investment phase. With the Italian retailing going through a belated revolution as small city-centre shops give way to hypermarkets, Rinascente is well placed to benefit, he believes. And considerable scope exists for synergies between IRI's interests in producing food and Rinascente's expertise in selling it.

For a manager in a country where business has largely steered clear of big international alliances, it is a considerable record. But the close association with the Agnelli also means a commitment to Turin, the home of Fiat. "I feel just as comfortable here as in London, Paris or New York," he says. "The style of work doesn't differ in any way."

"A manager's lifestyle here can be different. I have a very quiet working environment and there's much less stress. Bigger cities may be more exciting, but which is better on balance?"

Why Michael Heseltine is absolutely right

Christopher Lorenz looks at Britain's myopic managers



"I'VE FORGOTTEN MORE ABOUT COMPLACENCY THAN MOST PEOPLE EVER KNOW."

At the end of a seminar on corporate "performance improvement", the manufacturing director of a well-known British engineering company took aside the consultant who had led the proceedings. "I'm disappointed," he said. "I haven't learned much - we're doing everything you talked about."

"Oh really?" replied the consultant. "Yes," said the director. "For instance, I bet you don't know our warranty defect rate" (the proportion of products that fail within the first year). "Thirty per cent!" asked the consultant. "How did you know?" beamed the director.

"Because that's your industry's average in this country," the consultant replied. "Aren't you ashamed when the mean time between failure for TV sets is now 12 years?" he continued. Retorting that "TVs are simple compared with what we make", the director stalked off.

Three years later, his company is losing market share rapidly to a competitor which has raised its quality far above the industry average. It is run by a team of newcomers who moved in from continental European companies and are busy applying the skills they learned there.

The consultant in question, Mark Smalley, recounts what he calls "this appalling story" to reinforce this week's attack by Michael Heseltine, the UK trade and industry secretary, on British managerial complacency.

Smalley, who directs the Midlands office of PA Consulting, and who heads its strategy unit, has plenty of other horror stories about British managerial self-delusion, insularity and unwillingness to learn.

For the past decade he has led groups of executives on short, fact-finding trips to Japan. "In spite of Japan's success, many of them start out thinking the Japanese do things differently and therefore wrongly," he says. "It takes two days to turn them round."

It is not that British managers have a monopoly on complacency; a Cranfield Business School study of companies with less than 500 employees, which was cited by Heseltine - but only for its UK results - suggested that the problem was almost as bad in Spain and even worse in Italy.

But, with respect to those countries, that is no great reassurance to the British. Their arch-rivals, Germany and France, came out of the survey far more respectably.

Though German managers and companies were seen by others as the best in Europe, they underrated their own strengths and assessed their weaknesses realistically - precisely the opposite characteristics from the British. The French, though a bit over-confident, were pretty realistic about their pluses and minuses.

On the face of it, the Cranfield findings look odd: most detached observers - Swedes, say, or Japanese - would rate the Germans as more arrogant than the British and the French even more so.

Nor, one might think, would managers in large companies with considerable international experience suffer from anything like the degree of self-delusion as those from a bunch of smaller enterprises such as those in the Cranfield survey.

Smalley begs to differ. His recollection of director worked for a large company, as do some of the most blinkered executives on his Japanese tour. He attributes the problem not to arrogance in the usual sense, but to a reluctance - or inability - to learn from the disconcerting experience of others.

Both Smalley's points would seem to be borne out from a surprising quarter: an informal club of 16 big multinationals which have spent the past decade trying to do precisely that, through benchmarking and a range of other practices.

Called the Inter-Company Productivity Group, the club covers a much broader range of issues than its name suggests: quality, organisation structure, product innovation, information technology, skills training, management development and motivation and re-engineering. Its membership list is impressive, including the likes of British Airways, Courtaulds and Unilever, plus the UK operations of Nissan and top US companies such as Heinz and 3M. Their managers are far from blind.

Yet according to John Russell, consultant to the group, inpatient complacency was evident from an opinion survey and benchmarking exercise carried out just before the group's 10th anniversary meeting a month ago. Most senior managers surveyed showed little knowledge of their competitors' performance in 17 areas which the group has identified as key to success.

Other speakers, the three-day meeting of teams from each company was permeated by a sense of premature satisfaction with companies' existing improvements.

If complacency, however understandable, can grip a group of such relatively advanced companies, it is not surprising that it swamps so many lesser fry.

The most powerful antidote to managerial complacency is closeness to a demanding set of customers - witness the impact which US electronics companies, British food retailers and the Japanese motor assemblers have had on their UK suppliers.

The next most forceful antidote is benchmarking. But neither remedy will work if a company's executives are ill-trained, myopic and therefore poor learners. Far too many British managers, young and older, still fit that description.

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Data networks keep ahead of the pack

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According to Vans Markets Europe, the traditional telephone companies will take a decreasing share of the market for these value-added networks, which include packet switched, X.25 and managed data networks. France and Germany are the two biggest markets, followed by Spain and the UK. Ovum: UK, 071 255 2670.

HDTV makes its video debut

High-definition television has taken off most rapidly in Japan, where Toshiba has announced a video cassette recorder for high-definition digital

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British companies which want to stun their clients with high-definition corporate presentations can turn to Creative Technology, in London, which records tapes in the Japanese format. The tapes can include still photos, graphics or moving images and are displayed on HDTV sets. Toshiba: Japan, 3457 4811. Creative Technology: UK, 081 877 1980.

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Less heat in the kitchen

Few top-class restaurant kitchens would be complete without heat and bustle. But the demands of the environment, as well as rising fuel bills, could mean the heat will soon be decreased.

David Burnett Associates, of London, has devised a gadget to cut the gas without reducing a chef's creativity. Many chefs leave the gas ring burning after removing the saucepan. The AFR (automatic flame regulator) is a valve which complements the manual gas control. A rod attached to the valve opens and closes it when the pan is removed; the lever rises and the valve closes, when the pan is replaced the valve opens and the gas flames burn again. David Burnett Associates: UK, 071 735 9053.

Although the widespread use of solar energy has long been a dream of ecologists and politicians, the private sector is sending out mixed signals on the industry's future. On the positive side, Southern California Edison, the electric utility, has just unveiled a pilot programme to offer solar energy to rural customers. Sounding a negative note, Mobil Oil announced this month that it was putting its solar arm up for sale.

Solar energy has always struggled with a dilemma. To bring down costs, many more people must buy the technology. But to attract more buyers, the industry must bring down costs. Economies of scale are the elusive key to success.

Sceptics say the failure to resolve this dilemma has turned solar energy into little more than a pipe dream. "The sector is tiny and we don't expect it to become a major player in the energy industry for the next 20 years, at least," says John Lord, a spokesman for Mobil Oil.

Solar energy proponents are pinning their hopes on rural customers. They believe heightened demand for solar power in remote areas will add enough economy-of-scale benefits to usher the sector into a new phase of high growth. For off-grid users – homes not already served by a utility – solar energy is already highly competitive. "For off-grid customers, solar energy fills an important niche," says Alan Paxton, solar sales manager for Kyocera of Japan, the semiconductor ceramic package maker. "It's just a matter of getting the awareness level up."

There are few cost-effective alternatives for rural homes. Running an electric line through miles of wilderness to service a single user is prohibitively expensive. In the past, rural residents relied on personal generators for their energy needs. Recently, however, many have turned to solar power.

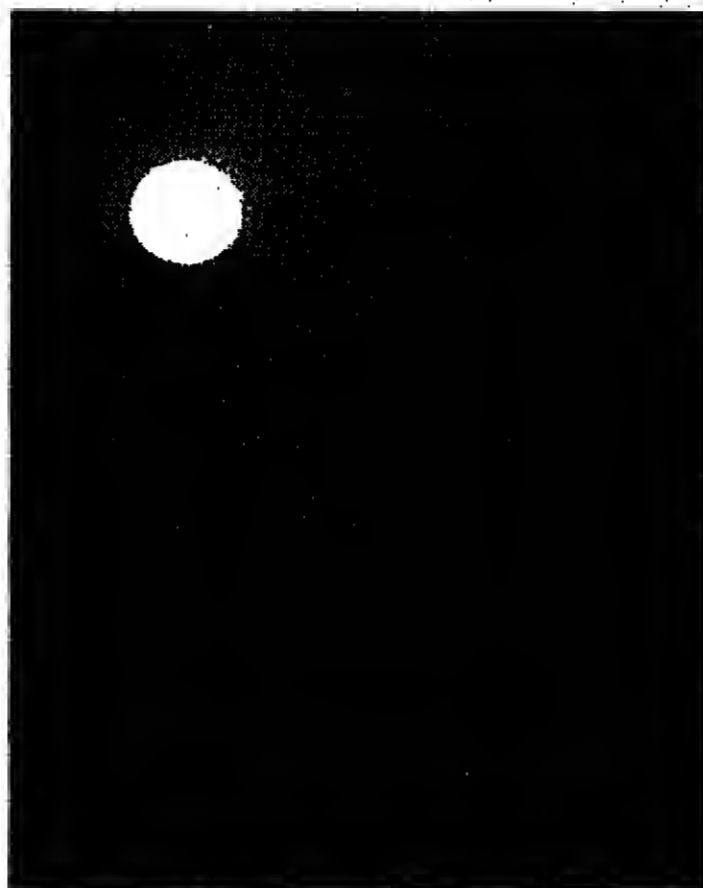
Increased demand by off-grid customers has helped to build the industry into a \$1bn (\$200m) a year worldwide operation, according to Strategies Unlimited, the consultancy group. Growth has been robust – averaging an annual 20 per cent over the last few years.

Siemens, the German electronics group, British Petroleum and Kyocera all have solar divisions and a number of start-up groups are being drawn into the industry. "With the large oil companies walking away from this, it creates more space for small entrepreneurial companies like mine to step in," says Vijay Kapur, president of International Solar Electric Technology.

Utilities are hoping to capitalise on the surge in demand for solar energy by acting as the middleman. Pacific Gas & Electric, for instance,

There are conflicting signals over the future of solar energy, writes Victoria Griffith

Twilight hour



Is the sun setting on solar energy? It still cannot compete in the 'on-grid' market

is considering a programme which would finance the initial cost of fitting a home with solar energy. The utility would then charge a monthly fee for the installation. "By mid-1995, we should offer solar energy to off-grid users on this basis," says Howard Wenger, senior project manager for Pacific Gas & Electric.

Solar energy advocates believe the main increase in demand, however, will come not from industrialised countries but from developing ones. Governments in South America and India have expressed keen interest in using solar energy to

"electrify" remote communities. This interest is being fuelled by World Bank funds earmarked to promote solar power.

Proponents hope that demand from developing countries will induce solar energy with enormous economies-of-scale benefits. "Can you imagine the demand it would create if countries like China caught on to this?" says Kenneth Zweibel, a manager at the National Renewable Energy Lab, a research facility funded by the US Department of Energy.

Just how quickly a critical mass

can be achieved is uncertain. The sector's inability to compete effectively in the "on-grid" market is a big drag on growth. For homeowners hooked up to an electric utility, solar power is not cost-effective. Solar energy per kilowatt hour, for instance, is estimated at 3.5 to five times more expensive than electricity. "Right now, there's no way solar energy can compete with electricity, oil and natural gas for on-grid customers," says Michael Merlo, head of research, development and demonstration at Southern California Edison.

According to Pacific Gas & Electric, however, there may be exceptions to this rule. "If demand stays stagnant, it's probably not cost-effective," says Wenger. "But if demand increases to the point that you're looking at a new nuclear power plant, or if you had to upgrade the lines to a certain neighbourhood, all of a sudden it looks feasible." Wenger says the company is considering mixed-use areas, which would switch to solar energy at peak-use times.

Solar energy may also get a boost from improved technology. The US government has been providing tax subsidies for research in solar power since the oil crisis of the 1970s. As a result, technology has improved tremendously. Photovoltaics – the solar industry's equivalent of the computer chip – are far more efficient in translating the sun's rays into useable energy.

Photovoltaics are also cheaper to manufacture and install than they were a decade ago. The solar panel manufacturer International Solar Electric Technology, for instance, has managed to slice the silicon wafers used in solar energy in half, thereby cutting the cost of production. The solar energy division of Texas Instruments has reduced the cost of installation by using lighter weight, flexible panels.

Because of these advances, solar panels are now just 3 per cent of their 1978 cost, according to John Schaeffer, president of the solar energy group Real Goods Trading.

Despite the advances, the US government feels technological improvements will not be sufficient to make solar energy competitive. "Technology can play a role in bringing down costs, but what we really need is an increase in demand," says James Rennolds, director of the photovoltaics division of the US Department of Energy.

Because of impediments such as the level of government subsidies, it is difficult to assess whether solar energy is headed for boom or bust. It will probably continue to stumble along for the next few years at least, in search of the elusive critical mass that would make it a significant player in the worldwide energy sector.

Adult titles on CD-Rom

At the recent Comdex computer trade show in Las Vegas, Michael Spindler, Apple Computer's chief executive, displayed a CD-Rom-based shopping catalogue which allows customers to change the colour of clothes on a model. At the same time, a new breed of companies was showing off CD-Rom titles that allow users to remove a model's clothes altogether.

These companies attracted crowds as they demonstrated adult-orientated multimedia titles. Until now, most CD-Rom titles have been aimed at educational markets.

"There is a lot of activity in adult-theme titles," says Doug Millison, editor-in-chief of Morph's Outpost, a leading publication for multimedia developers. "Some people are saying that they could be the 'killer application' that drives the CD-Rom market."

One company, New Machine Publishing, demonstrated a pre-release version of its "Dream Machine" title at Comdex. The Dream Machine is an interactive adventure in which the user navigates his way through a building. Behind various doors there are opportunities to interact with video images of actresses and experience different fantasies.

"CD-Rom sales have taken off in the past year, and most of the buyers are men. We predict big demand for our titles and they will drive the market just like adult movies did for the VCR," says Larry Miller, marketing executive at New Machine Publishing.

However, publishers of adult CD-Rom titles are finding it difficult to find distributors or to advertise their products. "I'm fed up with the censorship in this industry. We have first amendment rights in [the US] yet I constantly have to deal with editors who pull out my ads after they've accepted them," says Bill Kelly, president of PC CompoNet which publishes adult CD-Rom titles.

Kelly adds that he cannot find companies in the US to manufacture his CD-Roms and that he has had to go to Denmark. Adult CD-Rom publishers say they will also develop titles for women. They argue that their products provide a safe sexual outlet, a safe "virtual sex" experience during a time of concern over Aids.

Tom Foremski

PEOPLE

Shell's Pink for Enterprise Oil

Enterprise Oil, Britain's biggest independent oil company, has underlined its ambition to be regarded as a fully fledged oil company by recruiting Mike Pink, 56, director of production and development at the Shell group, as its first chief operating officer.

Pink, who has spent 30 years working mostly overseas for Shell, will join Enterprise next May after he retires from Shell. A geologist and petroleum engineer, Pink brings substantial technical and managerial experience to the company at a time when it is just about to become a big North Sea production operator.

Enterprise's early success was based on being a financial



partner in oil projects and the company is keen to be regarded in the City for its operational skills as well. Next year it will take on the operation of the £1.1bn Nelson field

development, one of the biggest in the North Sea. Pink knows the field well. Shell has a stake in it and was responsible for the design and installation of the facilities.

The arrival of Pink, who will be responsible for exploration, development and production activities and will be number two to chairman Graham Hearne, plugs an obvious gap in Enterprise's boardroom. Peter Kingston, a former Shell man who had been Enterprise's technical managing director, resigned in July 1992, and finance director John Walmsley, responsible for many of Enterprise's major deals, is leaving at the end of the year.

Stoddart to join BSG

The search by motor and aviation parts and distribution group BSG International for a permanent non-executive chairman appears to be over.

Michael Stoddart, chairman of Electra Investment Trust, the development capital group, is joining BSG as a non-executive director with a view to taking over the chairmanship from Astley Whitall, who retired as chairman of Ransomes earlier this year, some time before next October.

By the time Stoddart comes on board as chairman, chief executive Richard Marton, who himself only took over his current job in May, should be implementing the recommendations of a strategic review he set in train two months ago.

The brief is to examine the entire structure of the group and the markets in which it operates, and to come up with a corporate plan to be implemented from the start of 1994.

Most of those markets have been badly hit by recession, not least the Continental car market into which BSG supplies components, and where output is well down.

The divisional structure has already been reorganised with the three operating arms rearranged along regional lines.

Marton, while reluctant to criticise directly his own long-serving predecessor Tom Cannon, considers the review to be well overdue and the group itself to have lacked the leadership which would have allowed it to restructure itself to adapt to changing markets.

Pat Barrett, chief executive of Smurfit's corrugated operations in the UK, has been appointed chief operating officer of SMURFIT Continental Europe.

Robert Warner, formerly finance director of BT's special businesses division, who has been a director of the Cellnet Group for two years, has been appointed acting md of CELLNET while a permanent director is sought.

Stuart Graber, formerly md of Time Warner International in London, has been appointed chief executive of MUSIC CHOICE EUROPE.

Malcolm Little who, in his time as md of Ross Young's, has been responsible for introducing many new products, has swapped jobs with John Gilliat, the md who has cut production costs at McVitie's UK. Terry Stannard becomes md of KP UK in January on the resignation of Alan Jones. In the US, Jerry Baglin, previously vice president, finance and administration of Lamb-Western, has been appointed senior vice-president, finance and purchasing of Keebler.

Calverley quits Trafalgar House

Trafalgar House, the troubled conglomerate which is in the midst of a wide-ranging review of its businesses, is replacing the head of its loss-making property business. David Calverley, 52, chairman of the group's property division, will leave the group at the end of the year.

Calverley, who joined Trafalgar House in 1988, is the latest member of the old guard to leave the company which was founded by Sir Nigel Brookes in 1956. A well known and popular figure in the property business, Calverley played an important part in expanding Trafalgar's property interests under Sir Eric Parker who stepped down as chief executive last year.

However, the company has been hard hit by the recession and will shortly announce details of its third cash-raising exercise in two years to repair a balance sheet which has been damaged by large property writedowns.

Hongkong Land, which has built up a stake of just under 20 per cent in the business over the past year, has been overhauling the Trafalgar House management team which helps explain Calverley's departure.

Calverley was on a three-year contract but Trafalgar House says compensation for terminating his contract would be substantially less than he would have been paid over the next three years. His replacement is expected to come from outside the group.

Energetic Scotsmen

Ian Russell, director – financial control, at Tomkins, the conglomerate, is to become finance director of Scottish Power. He will thus fill a vacancy which has existed since January at the Glasgow-based company when Duncan Whyte moved up to become chief operating officer (electricity supply) under ceo Ian Preston.

Russell, 40, was born and educated in Scotland, and was previously with Hongkong Bank Group in London and Hong Kong. He trained with accountants Thomson McLintock and later worked for Pextos and Mars. He will join the board of Scottish Power and take up his post in January.

Though Scottish Power is said to have had difficulty attracting someone of sufficient stature for a company in the FTSE 100 who was willing to move to Scotland, Tomkins is based in London (the absence of a finance director has not been a problem. A consultant has been brought in to occupy that seat and Whyte has been near at hand).

Changes are also taking place at a few hundred yards away at the Scottish Power's regulator, the Office of Electricity Regulation in Scotland (OFFER). Here the youthful Graeme Sims, 30, is taking over as deputy director-general, reporting to Stephen Littlechild, the director general of electricity supply who is based in Birmingham.

In January, Sims will replace Peter Carter, who only took the job in January 1993, having moved from the Glasgow-based Offshore Supplies Office of the DTI, which supports the North Sea oil industry. Carter has become Littlechild's deputy dg in Birmingham.

Sims is currently economic adviser at OFFER in Glasgow, which he joined soon after it was set up in 1991. Before that he worked in a small business development agency in Glasgow and for the Boston Consulting Group in London.

Michael Ambrose has been promoted to director, commercial affairs, of AMOCO (UK) Exploration Company. John Higgins, previously head of Lesmo's Russian special projects department, has been appointed chief executive of EUROSOV PETROLEUM.

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J.P. 11/25/93

BUSINESSES FOR SALE

GREEK EXPORTS S.A.

ANNOUNCEMENT OF A REPEAT PUBLIC AUCTION FOR THE HIGHEST BID

GREEK EXPORTS S.A., established in Athens (17 Panepistimiou Street) and legally represented, in its capacity as Liquidator in accordance with article 46a of Law No. 1891/1990, supplemented by article 14 of Law No. 2000/1991 and following Decision No. 3089/1993 of the Athens Court of Appeal.

ANNOUNCES

A Public Auction for the Highest Bid with sealed, binding offers for the sale, in toto, of the assets of the société anonyme named GENIKI PROMITHEFTIKI (KATASKEVAD) AE ELECTRICAL, TELECOMMUNICATIONS AND PLASTICS INDUSTRY, which is under special liquidation and established at 25 Stourmar St. in Athens and is engaged in the manufacture of low, medium and high voltage electrical equipment and all kinds of telecommunications materials.

- In order to take part in the auction, interested parties are invited to receive from the liquidator the Offering Memorandum as well as the form of the Letter of Guarantee required for the submission of a binding offer to the Athens notary public assigned to the public auction, Mrs. Andriani-Dimitra Ekonomopoulou-Zaphiropoulou, 18 Voukourestiou Street, 5th floor, tel. 361.8249 up to Thursday 16th December 1993 at 1900 hours. Bids must be submitted in person or by a legally authorised representative.
- The bids will be unsealed before the above-mentioned notary public on Friday 17th December 1993 at 1100 hours with the Liquidator in attendance. Those who have submitted bids within the prescribed time can also attend. Bids submitted beyond the prescribed time will not be accepted or taken into account.
- The sealed, binding offers must clearly state the price offered for the purchase, in toto, of the Company's assets and must be accompanied by a Letter of Guarantee from a bank legally operating in Greece, for the amount of eighty million drachmas (80,000,000 drs.) or its equivalent in U.S. dollars.
- The Company's assets and all fixed and circulating constituent parts thereof, such as immovable and movable property, claims, trademarks, titles, rights, etc. are to be sold and transferred "as is, where is" and, more specifically, in their actual and legal condition and location on the date on which the sale contract is signed, regardless of whether the Company is operating or not.
- The Liquidator, the Company and the creditor representing 51% of the total claims against the Company (Law 1892/90 article 46a para. 1 as in force), known hereafter as the Majority Creditors, shall bear no liability for any legal or actual defects or for any deficiency in the effects and rights for sale nor for the possible refusal of the State to approve, as required the transfer of elements of the assets, nor for their incompleteness or faulty description in the Offering Memorandum and in any correspondence. In the event of inconsistencies, entries in the Company's books, as they stand on the date of signature of the sale contract, shall prevail.
- Prospective buyers, hereinafter referred to as "Buyers", shall be obliged, on their own responsibility and due care, and by their own means and at their own expense, to inspect the object of the sale and form their own judgement and declare in their bids that they are fully aware of the actual and legal condition of the assets for sale. The Buyers are hereby reminded that, in accordance with the provisions of Law 1892/90, article 46a, para. 4 as in force, having agreed in writing to maintain confidentiality, they are entitled to have access to any information they may require concerning the Company for sale.
- Bids should not contain terms which might prevaricate their bindingness or any vagueness concerning the offered price and its method of payment, or any other matter of importance to the sale. The Liquidator and the Majority Creditors have the right, at their incontestable discretion, to reject offers which contain terms and conditions, irrespective of whether these offers contain a higher price than that of other bidders.
- In the event that the person to whom the auction is adjudicated, fails in his obligation to appear within twenty (20) days from being invited to do so, and sign the relative contract and fails to abide by the other obligations accruing from the present announcement, then the above-mentioned guarantee of eighty million drachmas (80,000,000 drs.) is forfeited to the Liquidator in compensation for expenses of any kind, time spent, any actual or hypothetical loss sustained with no obligation on the Liquidator's part to furnish any specific proof or deem that the amount has been forfeited to him as a penalty clause and collect it from the guarantor bank. Guarantees deposited by other bidders shall be returned to them after the Liquidator's evaluation report has been approved by the Majority Creditors and the highest bidder's guarantee shall be returned to him after he has paid the sale price and the act of settlement has been drawn up and signed.
- The highest bidder is deemed the one whose offer has been judged by the Liquidator and approved by the Majority Creditors as being in their best interests.
- The Liquidator shall not be liable to participants in the auction either with respect to the evaluation report or for his selection of the highest bidder and neither will he be liable to them for the cancellation of the auction in the event that its outcome is not approved by the Majority Creditors.
- Participants in the auction do not acquire any right, claim or demand from the present announcement or from their participation in the auction, against the Liquidator, for any cause or reason.
- Transfer expenses of the assets for sale (taxes, stamp duty, notarial and mortgage fees, rights and other expenses for drawing up topographical diagrams as required by law 651/77, etc.) are to be borne by the Buyer.

For any information, interested parties can apply to:

GREEK EXPORTS S.A., 17 Panepistimiou Street (1st floor), Tel. 301 32 43 111 to 301 32 43 115

REPUBLIC OF POLAND
MINISTRY OF PRIVATISATION

INVITATION TO NEGOTIATE

In accordance with Article 23 of the Law on Privatisation of State-owned Enterprises, The Minister of Privatisation, acting on behalf of the State Treasury of the Republic of Poland, is extending an invitation to interested parties to negotiate the acquisition of a minimum 10% of shares (and no more than 75% plus the shares remaining in the hands of the State Treasury after the sale of shares to the employees) of the State-owned company

Fabryka Sprzetu i Narzedzi Górnictw
(Factory of Mining Equipment and Tools)
FASING S.A. in Katowice

Up to 20% of shares shall be offered for acquisition to company's employees on preferential terms and 5% of shares shall remain at the disposal of the State Treasury for compensation, if need be, for restitution of private ownership claims.

An information package will be made available to potential investors after their signing of the Confidentiality Agreement, which they shall receive the moment they submit a written statement expressing their interest in the acquisition of shares. The written statement and the necessary documents should be submitted by 5 p.m. on December 15, 1993 to the below mentioned representatives of the advising company, acting on behalf of the Ministry of Privatisation:

Creditanstalt Financial Advisers S.A. to Przemyslaw Krzywosz
LIM Center - Marriott Hotel
10th floor, suite 1019
A1. Jerozolimskie 65/79
00-697 Warszawa, Poland
Tel.: (+48/2) 630 60 22, 630 60 55
Fax: (+48/2) 630 60 03

Creditanstalt Investment Bank A.G. to Stefan Kriegelstein
Dr. Karl-Lueger Ring 12
A-1011 Vienna
Austria
Tel.: (+43/1) 531-84-0
Fax: (+43/1) 532-9260

The Ministry of Privatisation reserves the right, at its sole discretion, to reject the offers, to renounce the negotiations, to invalidate or to prolong this invitation and to change the privatisation strategy with no legal or financial consequences.

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0223 30257

STATE PROPERTY AGENCY

INVITATION TO TENDER

On-Behalf of the Owners' Consortium, CMS Management Consultants Ltd.
Calls for a Single Stage Tender Procedure
Concerning the Sale of the Shares of

Csepel Power Plant Co.

(H-1211 Budapest, Gyepor u. 1.)

Representing a Majority Stake

Csepel Power Plant was set up on July 1, 1991 as a legal successor of
Csepel Works Power Plant and Service Joint Venture Co.

The shares in question are owned presently by 14 different companies

General information:		
- registered capital	HUF	1,594,270,000
- owner's equity (92)	HUF	2,229,585,000
- employees (92)		1,200
- sales revenues (92)	HUF	3,196,425,000
- total assets (92)	HUF	3,338,022,000

Csepel Power Plant Co. has over HUF 1 billion worth stakes in other businesses.

- Face value of the shares for sale	HUF	1,241,960,000
- Number (HUF 10,000 / share)	units	124,196
- Represented stake in the equity		77.90 %

Bids may be made only for the whole offered package of shares.
The objective of the tender is to select a financially sound investor who,
after the acquisition, is also willing to substantially raise the equity
and hence implement the refurbishing of the power plant,
keeping in mind environment protection aspects.

The tendering procedure shall take place according to the relevant
stipulations of the Hungarian State Property Agency.

Criteria to tender:

- * Proof of the existence of cash required for the acquisition.
- * Full compliance with the tender submission specifications.
- * Procurement of the detailed tender document and signing the confidentiality Statement.
- * Proof of the payment of HUF 10 million or USD 100,000 forfeit.
- * Assuming the validity binding clauses (90 days minimum) for the bid.

Bids shall be submitted:

Place: CMS Management Consultants Ltd. (H-1024 Budapest, Rómer F. u. 16.
telephone: (361) 1159-293, 1159-294, fax: (361) 1355-573)

Form: In writing, in Hungarian language, in 3 copies, marking the original, enclosed
and sealed in an envelope, without mentioning the Bidder's name, noting only
"Csepel Power Plant"

Date: January 20, 1994 from 9.00 a.m. till 12.00 noon

The bids shall be opened by a closed session, in the presence of a
Notary Public on January 20, 1994 at 12.00 noon.

Detailed tender materials and the information booklet on the Company shall be
made available through CMS Ltd. from November 29, 1993
on in Hungarian and English languages for

HUF 30,000 + VAT cash

Further information shall be available:

- Head of the Owners' Consortium: Béla Simon, General Director,
telephone/fax: (361) 2768-534
- Head of the Csepel Power Plant Co.: Dr. József Jablonkai, General Director,
telephone/fax: (361) 2761-023

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CARLIGHT TRAILERS LIMITED
(In Administrative Liquidation)

The Administrative Receiver offers for sale the business and assets of
Carlight Trailers Limited based in Stafford, Lincolnshire.

The Company is one of the premier manufacturers of quality caravans in the UK.
* Turnover of £1.3m in the year to 3rd March 1993.

* Prestigious name and reputation in the field.

* Premises up to 14,000 square feet with appropriate lease available.

For further details, please contact the Administrative Receiver.

A Tomlinson FCA MSPI

A H Tomlinson & Co.

Barclay House, 35 Whitworth Street West, Manchester M1 5NG

Tel: 061 228 7573 Fax: 061 236 6596

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One Southwark Bridge,
London SE1 8UL.

BUSINESS FOR SALE

Ajax
Packaging Ltd

The Joint Administrative Receivers offer
for sale the business and assets of the
above company as a going concern.
Based in Lancashire, the company is a
packaging distributor to the wholesale
trade.

Principal features include:

- * Turnover approx £4.5 million pa
- * Stock value estimated £200,000
- * Established customer base
throughout UK and Eire - including
local authorities
- * Good will

For further information, interested parties
should contact Neil Geddes or David
Whitehouse, quoting reference number
M5155, at:

Levy Gee & Partners
Maxdov House
337/341 Chapel Street
Salford
Manchester M3 5JY
Tel: 061-835 2843 Fax: 061-832 9405

Encap UK Limited
(In Receivership)

Livingston, West Lothian

The business and assets of Encap UK Limited are
offered for sale as a going concern by its Receiver. Encap
is the UK's first liquid two-piece capsule filling company.

- * Modern, well equipped 14,000 ft² leasehold premises.
- * Pharmaceutical manufacturing licence.
- * Customers include leading pharmaceutical and
health and nutrition companies.
- * 20 employees.

For further information contact:
Sally Robinson on 031 557 9900 or at Encap on
0506 416881 (Fax number: 0506 416882).

Price Waterhouse

Price Waterhouse is authorised by the Institute of Chartered
Accountants in England and Wales to carry on investment business.

LEGAL NOTICES

No. 00872 of 1993
In the High Court of Justice
Chancery Division
Mr Registrar Buckley

IN THE MATTER OF
THE JAEGER COMPANY LIMITED

and

IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 28th October 1993 presented to Her
Majesty, High Court of Justice for the confirma-
tion of the resolution of the shareholders of the
said Company for the winding up of the said
Company by the court. AND NOTICE IS FURTHER GIVEN that the
said Petition is directed to be heard before Mr
Registrar Buckley at the Royal Courts of
Justice, Strand, London WC2 on Wednesday
the 15th day of November 1993. ANY Creditor
or Shareholder of the said Company desiring to
oppose the making of an Order for the confirma-
tion of the said resolution of shareholders should
appear at the time of hearing as person or
by Counsel for that purpose.

A copy of the said Petition will be furnished to
any person requiring the same by the endow-
ment on payment of the regulated charge
for the same.

Dated this 28th day of November 1993

Clare Vignola P.C.

28 South Row, London W1X 2DD

Ref: C1074

No. 00874 of 1993
In the High Court of Justice
Chancery Division

IN THE MATTER OF
CENTURY ASSURANCE COMPANY LTD.

and

IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that the Order of
the High Court of Justice (Chancery Division)
dated 17th November 1993 confirming the resolu-
tion of the shareholders of the above-named Company
for the winding up of the Company by the court
is directed to be heard before Mr Registrar Buckley
at the Royal Courts of Justice, Strand, London WC2
on Wednesday the 15th day of November 1993.
DATED the 24th day of November 1993.

Company Car:
6 Dym Buildings
Jellison
London EC2N 2JT

Solicitors for the above-named Company

All Advertisements are accepted subject
to our current Terms and Conditions, copies of
which are available by writing to The
Administrative Receiver, The
Financial Times, One Southwark Bridge,
London SE1 8UL

Tel: 071 875 3233

Fax: 071 875 3164

Touche
RossJohn Hall & Son (Oldham) Ltd
(In Members Voluntary Liquidation)

Iron Foundry - North West

The Liquidator, N. J. Dargan, offers for sale the long established
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- * One of the few remaining foundries capable of producing
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- * Highly experienced craftsmen and supporting labour force.
- * Blue Chip customers and few UK competitors.
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- * Possible opportunity for redevelopment.

For further information please contact Geoff Clure or Nick Dargan
at the address below

Abbey House, 74 Mosley Street, Manchester M60 2AT.
Tel: 061 228 3456. Fax: 061 236 0720.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

Wirral Instrumentation
and Electrical Co. Limited

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**FT JAPAN CLUB
ANNUAL REPORT SERVICE**

Dance Ballet Rambert

The Rambert Dance Company is embarked on a regional tour with two works new to the repertoire. I caught up with the company at the Apollo Theatre, Oxford - is there an auditorium with less leg-room for anyone who is not a pygmy? On the night after I had seen London Contemporary Dance on grandest form, it was instructive to watch the other troupe involved in the convulsion in dance policy that currently concerns us.

It would be idle to pretend that Rambert possess the gleaming technical prowess which is so handsomely part of LCB's identity. The company manner is able, honest, but in the two works I saw, the dance was fuzzy-edged and self-indulgent. The choreography - a new work by Mark Baldwin, a revival of Christopher Bruce's *Land* - came burdened with more "meaning" than means. The dancing was soggy with good intentions.

Mark Baldwin's earlier choreographies told of an alert and off-beat sense of movement. *Spirit* is set to the Poulenc oboe and clarinet sonatas (excellently played), and it is spiced in the hope of raising public awareness of the torments of migraine. Beyond the suspicion of a nagging headache brought on by watching nine of Rambert's dancers scamper about the stage to no clear purpose, the migraine connection escaped me. The dance is somehow old-fashioned - it has that heavy-with-good-intentions air I associate with apprentice choreographies in the 1960s. The clothes are black and white and not wildly flattering. Intermittent red and yellow curtains are the set. The Poulenc sonatas go their typical or witty way, untouched by the dance. It is all ferociously inconclusive.

Land is a fair example of Bruce's *Week's Good Cause* choreography. It was made for Festival Ballet in 1985. Its score is Arne Nordheim's electronic agonising about Warsaw under the Nazis. Peasant outfits - no-colour Mittel-Europa dresses; waistscapes and puttees for the chaps - and folk-attitudes abound. Every-one has a hell of a time. Sgt. Death is on the rampage. The cast suffer from advanced Kylianitis - no day without a good bout of dance anguish - and fall all too easily into martyred poses. It looks like a parody of itself, and of a European cult of politically correct movement. Impossible to care if pieces like this are well-danced: what matters is that they are tremendously well-meant. I would swap the lot for ten seconds from Twyla Tharp or Mark Morris.

Shobhan Davies' broad-spanning, spacious *Embark* completes the programme. I did not find the company at the level of lean and uncompromising attainment which it showed under Richard Alston's guidance. If the Alston-shaped repertoire was not always popular, it was as rigorous as the dancing. Yet the plan is that the troupe is to be expanded under Christopher Bruce and also developed along "neo-classic" lines, while retrenchment radically alters LCB's function. We may draw what odd conclusions we can.

Clement Crisp



Annibale Carracci's 'The Hunchback Boy' at the British Museum

Radio 3's 'Polska' season, an intensive celebration of Polish music, continues apace, and on Wednesday it struck gold. In the BBC's Maida Vale studios Matthias Bamert conducted the BBC Symphony in Szymanowski, Lutoslawski and young Hanna Kulenty. Inevitably, Szymanowski's gorgeous First Violin Concerto made the deepest impression; but Bamert ensured that Kulenty's raw-but-shapely *Tryon* and Lutoslawski's Second Symphony - middle-period, experimental, rather dependent upon effects that were novel in 1967 - left their own vivid stamps.

Kulenty fixes a sharp diva-like of labour in the small orchestra of her *Tryon*. While the strings groan up and down in perpetual glissandi, as in early Penderecki, machine-gun bursts of rapid, mechanical, overtones pass intermittently from brass to solo piano to percussion and back again. There

Concert/David Murray 'Polska' strikes gold

is a sense of barely suppressed fury and frustration; and yet the tense silhouette of the piece is elegant and cogent, collecting its 13 minutes into a single clear blow. When Lutoslawski wrote his Second Symphony, he was sure that tonality was a dead letter. Though his latest works have made their own kind of peace with the tonal tradition (he is 80 now), that symphony represents his most defiant earlier distancing. Its two movements, respectively *hesitant* and *direct*, are almost entirely "aleatoric". The role of the conductor is just to signal the starts and finishes of successive sections, in which players execute their overlapping parts in their own uncoordinated time.

Hesitant is a long string of pungent episodes, each for a

handful of instruments, separated by abrupt pauses; in "Direct" the orchestra pulls itself together, over a weird density of string-sound, to hammer out a distinctly helpful purpose. Back then, Lutoslawski was so intent upon keeping the "symphonic tradition" at arm's-lengths that the music now seems riskily stretched for the time it takes. Yet the broad structure is tough enough to hold the ear. Szymanowski's first violin concerto, composed after he had escaped Bolshevik internment during the first world war, is a kind of one-off miracle. Someone wrote about the young Szymanowski that he "carries the death-dream of romanticism to the border of awakening". Not a *Pseudo's* Corner quote, but dead right: the trap

Drawn to the Old Masters

Patricia Morison reviews the Chatsworth and Getty collections

If the Duke of Devonshire were to offer me one wish, the response would be unhesitating. "Give me Annibale Carracci's drawing of 'The Hunchback Boy'." Out of so many lovely things in the exhibition *Old Master Drawings From Chatsworth* at the British Museum, the poignancy of that drawing tugs at the heart.

Made in Bologna circa 1610, the younger Carracci's study is an example of the power drawings which witness particular moments in an artist's studio. The lad sat without his shirt. With short, sparing strokes of red chalk Annibale drew the deformed torso, the scrofulous skull showing through the thin hair. Yet it is the combination of the draughtsman's scientific detachment with humanity which is so wonderful. The boy turns towards us shadowed eyes which are eloquent of misery. The enigmatic words added by Annibale, "I do not know if God helps me", are surely his response to suffering.

One visit to the Print Gallery may well seem inadequate for an exhibition of this size and quality, with 230 drawings by artists such as Ghirlandajo, Leonardo, Raphael, Rosso Fiorentino, Pontormo, Dürer, Van Dyck, Rembrandt and Corot. So make several. This collection is the finest of its kind in private hands, apart from the royal collection at Windsor. Kept at Chatsworth House in Derbyshire, most of it was bought between 1660 and 1729 by the 2nd Duke. Its ownership has come from sales in recent years, although the collection still has some 2,000 works. The BM selection is the largest showing of Chatsworth drawings. There is a fully illustrated catalogue, based on the complete catalogue by Michael Jaffe now under way; volume one should be out next spring from Phaidon Press.

Leonardo's 'Leda and the Swan' shows not the mating but the morning after. The swan peacably oobles his lady's ear. Squirming unpleasantly on the ground, Leda's children hatch out of eggs: Castor, Pollux, Helen and Clytemnestra. A sheet of small grotesque heads by Leonardo makes a happy pair with Dürer's caricature of a rubber-faced old man.

The Raphael drawings are marvellous: three studies for the 'The Transfiguration' and a ravishing sketch of a mother reading to a child. A sheet of chilling studies in red chalk by Andrea del Sarto reminds us that in Renaissance Italy, artists were enlisted to make the link between crime and punishment. After the siege of Florence in 1530, he was commissioned to paint six executed traitors on a wall in the

marketplace. These sketches show the contorted body of a villain suspended by his foot.

A gem of a sketch is Rembrandt's 'Actor in his Dressing-Room'. It passes understanding that 30 years ago this could have been exhibited at St Augustine in his study. Here to the life is a flabby old actor, his jug-shaped body wrapped in a fur mantle, scanning his lines before he goes on stage. Rarely are the only drawing which survives from Bruegel's stay in Rome and Altdorfer's only design for a stained glass window: a magnificent drawing by Veronese commemorates the forging in 1571 of the Holy League against Sultan the Magnificent.

For sheer inventive brilliance, nothing in the show surpasses Guercino's 'Rest on the Flight', exhibited for the first time. Guercino has used ink wash so cleverly that the areas of white paper give the impression of blinding sunshine. A crenellated wall runs across the picture. Joseph leans on it, facing us, gazing pensively at a view we cannot see. Mary, a vigorous young woman, distracts the attention of her baby who is perched, rather carelessly, on the wall.

Anyone with an weakness for horses will appreciate a fine, quizzical beast by the young Van Dyck, a study for his 'St Martin Dividing His Cloak'. Rather harder to

explain at first is the horse in Pedro da Cortona's grandiose 'Pope Urban VIII Being Carried Under the Nave of St Peter's'. Surely they did not allow horses into St Peter's? In fact, it seems they did, once a year when the king of Naples presented the pope with a *china, hacanea* in Spanish, from where we derive 'hackney'.

The Royal Academy's Drawings from the J. Paul Getty Museum is the junior exhibition but is still well worth seeing, put together in the last 10 years and including 14 ex-Chatsworth works. With 100 drawings from the 15th to 20th centuries, it is a question of breadth rather than depth.

Cupp's smooth drawing of a milkmaid, framed by the cow's belly, is a particular delight. So is an unforgettable portrait by Rubens of a Korean gentleman swathed in silk as light as air. Spare a moment, too, for a puzzle picture, 'Two Male Nudes' by the late-16th century Haarlem Mannerist, Cornelis van Cornelisz. If you can decipher what precisely, apart from the prelude to sodomy, he intended to convey, you will have gone one better than the Getty.

Drawings from Chatsworth, British Museum (071-636-1500) until Jan 9; Drawings from the J. Paul Getty Museum, Royal Academy (071-439-7438) until Jan 23. Sponsors, The Capital Group Companies and The Times.



Robert Lepage's cinematic view of Coriolanus at the Nottingham Playhouse

'Coriolanus' from Quebec

While *Coriolanus* has always seemed to me one of the most English of Shakespeare's plays - about a public school boy with a dominating mother - it has a quite different tradition abroad. According to the Arden edition of the play, 15 versions of a piece called *Coriolanus* were written in France between 1625 and 1821. There are at least 13 operas with the same name, though none is based on Shakespeare. The Germans stuck more closely to the original and have produced about a dozen adaptations, including an unfinished piece by Bertolt Brecht.

Some productions have ended in tears. In Paris in the mid-1930s a performance at the Comédie Française led to such riots in the streets that the prime minister, Daladier, dismissed the director and replaced him with the chief of security. In West Germany after the war *Coriolanus* was banned altogether. The first postwar production did not take place until 1953.

So it comes as an anti-climax to report that there have been no riots in Nottingham where the Quebec version of *Coriolanus* is appearing as part of the 30th anniversary of the Playhouse. It has been carefully chosen, for it was with a Tyrone Guthrie production of *Coriolanus* that the present Playhouse opened in December 1963. In the cast then were Michael Crawford, Leo McKern, John Neville and Ian McKellen.

Robert Lepage's production for his Théâtre Repère company is a distinctive successor and a considerable coup for Nottingham. This is the only place where *Coriolanus* is being staged in Britain and it runs only this week. Lepage is the director who gave us *A Midsummer Night's Dream* hogged down in a swamp at the Royal National Theatre. There are no such excesses here, but there are innovations. Although there is very little direct use of film, the play is produced as a movie using cinematic techniques throughout.

The stage is dominated by a large rectangular frame. The characters appear behind it, as if it were a transparent screen. Quite often their heads are cut off from sight; at other times there are close-ups. Television is used as well. News of the wars is reported live, Jacques Lévesque's outstanding *Memento* appears as a genial old uniformed general giving his views on the television talk programme. The tribunes face up to Coriolanus on an equivalent of *Question Time*. There are copious surtitles and the

production is quite close to the original Shakespeare text.

As a spectacle, I enjoyed it enormously, largely because it is so well done. The last thing one would like to see would be British companies going off in the Lepage direction and doing the same thing badly. Lepage is a master of his techniques.

A final point is that *Coriolanus* really does seem a different play to non-British. Lepage's production is much more about political instability than a relationship between mother and son. Coleridge said that *Coriolanus* demonstrates the "wonderful philosophic impartiality of Shakespeare's politics". But perhaps you have to live in a quiet country to see the play in that way.

Meanwhile, for those in London, there is another production of *Coriolanus* by the Aquila company at the Place Theatre, Bloomsbury, ending on Saturday. This version catches all the excitement, but still seems to me more about people than politics. Whereas in *Coriolanus* Anne-Marie Cadieux's Volturnus has a touch of expensive continental chic, here Katharine Barker in the same role seems much more a matron. This is the *Coriolanus* we know.

Malcolm Rutherford

Obituary Anthony Burgess

cherub. The subsequent film of 1971 offered a role-model of glamour and winsome charm for would-be thugs; it has been banned for public performance in many countries.

Twenty years on from the *Orange* Burgess gave us a novel *Earthly Powers*, colossal in conception, embracing in its literary framework the supreme moments of mass barbarism and bloodletting of 20th century history, from Hitler's holocaust to the Reverend Jones's Guyana. The central figure encountering all this was an 80-year-old popular novelist, a lapsed Catholic, who had a tireless facility, a gift for parody and wordplay, and a well-tuned musical sense - all of which he shared with his creator.

Music was Burgess's great love and first ambition when he graduated from Man-

chester University, after a working-class Catholic upbringing. It was his ability to strum away on the piano in the mess that ensured his popularity when he joined the army during the second world war. He had opera performed and other compositions to his credit. The relationship between music and literature was the theme of his T.S. Eliot lectures delivered at the University of Kent. James Joyce, another musical novelist and lapsed Catholic was his particular hero.

Burgess often told the story of how he became a writer by accident. He was recovering from what he was told was a mortal illness while working in Malaya as part of an educational unit of the British army. He found writing a novel as a therapy. He told it terribly easy to do after composing and from then on he never stopped producing fiction. Some critics regard his early and more light-hearted novels, his Malayan trilogy and his Enderby novels as among his finest, most accessible work.

Anthony Curtis



FINLAND OPERA HOUSE OPENS

After delays lasting several decades, Finland finally has its first purpose-built opera house. The building, situated near Finlandia Hall in Helsinki, will be formally inaugurated on Tuesday with the European premiere of Aulis Sallinen's opera *Kullervo*. The opening week also includes Carmen, the Bolshoi production of Swan Lake and a gala concert. Since 1918, the Finnish National Opera has occupied the Alexander Theatre, a cramped 600-seat auditorium built for the Russian garrison in 1879. It had poor acoustics and a stage too small for many works of the standard repertoire. There was talk of a new building as long ago as the 1920s, but it was not until 1975 that a competition was launched to design it. The winning architectural team was Eero Hyvärinen, Jukka Keränen and Tapio Parkkinen. Construction began in 1986.

The new opera house is a mixture of the traditional and the modern. The auditorium has 1350 seats in a horse-shoe design. There is also a studio theatre seating up to 500 people, to be used for rehearsals, educational workshops and experimental works. The acoustics adviser was Finnish expert Alpo Halmela.

Kullervo, with Jorma Hynninen in the title role, will be conducted by Ulf Söderholm, the Finnish National Opera's music director for the past 20 years. His successor is Miguel Gomez-Martinez, who conducts Carmen (ticket reservations: tel 4030 2320 fax 4030 2305).

EXHIBITIONS GUIDE

AMSTERDAM Van Gogh Museum Georges de Foura: an exhibition marking the 50th anniversary of the Dutch artist's death, tracing his development from a newspaper illustrator to a celebrated Symbolist painter and Art Nouveau designer. Ends Feb 13. Félix Bracquemond: 40 prints and several paintings by the Frenchman who played a prominent part in the late 19th century revival in decorative arts and printmaking. Ends Feb 13. Daily. Rijksmuseum The Ottava Atlas: 80 maps and other topographical and historical prints, including a new 1611 profile of Amsterdam. Views of Antwerp and Brussels and a splendid coloured copy of De Voe's famous map of Rotterdam of 1634. Ends Jan 30. Closed Mon

BASEL Museum für Gegenwartskunst Joseph Beuys: four illustrated sketch-books from Projekt Westmench 1958. Ends Jan 9. Closed Mon. Kunstmuseum Mathias Marler: 40th anniversary exhibition of drawings by the Basle landscape artist. Ends Feb 13. Closed Mon

LAUSANNE Musée d'Art Contemporain Takis (1925): retrospective of the self-taught Greek artist, featuring sculptures and installations which produce sounds, light and movement. Ends April 4. Daily. Musée des Arts Décoratifs Contemporary Japanese Posters: 100 examples illustrating the more subtle style of oriental poster culture. Ends Jan 2. Closed Mon. Fondation de l'Héritage From the Museum's Collection: a thematic grouping of paintings and drawings by Sisley, Daubigny, Boccioni, Magritte and others. Ends Jan 30. Closed Mon

NEW YORK Metropolitan Museum of Art Art of Medieval Spain. Ends March 13. The Annenberg Collection of Impressionist and Post-Impressionist Paintings. Ends mid-Dec. Master Drawings of the Hudson River School. Ends Dec 26. Closed Mon. Guggenheim Museum Roy Lichtenstein. Ends Jan 18. Industrial Elegance: objects of everyday mechanical beauty selected by 63 architects and designers. Ends Jan 23. The main museum is closed on Thurs, the SoHo site on Tues

Museum of Modern Art Joan Miro. Ends Jan 11. Robert Rymen. Ends Jan 4. Closed Wed

PARIS Louvre The newly-opened Richelieu wing completes the largest part of a grandiose project to transform the former royal palace into the Grand Louvre, doubling the previous exhibition space. Generous with light and space, it offers a dazzling setting for the collections of Islamic art, medieval art (including the Treasury from the Abbey of Saint-Denis), its Rembrandts and Rubenses, and French paintings from the 15th to 17th centuries. Three covered courtyards provide the most dramatic innovation: two display French sculpture under gigantic glass roofs, while the third is a reconstruction of two facades of the Assyrian palace of Khorsabad, with its monumental winged bulls. Be prepared to queue: 55,000 people turned up for the first open day last weekend. Closed Tues (entry through Hall Napoleon under the Pyramid). Versailles Versailles and the Royal Tables of Europe from the 17th to 19th centuries. Ends Feb 27. Closed Mon. Musée d'Orsay From Cézanne to Matisse: Masterworks from the Barnes Foundation. Ends Jan 2. Closed Mon, late opening Thurs (reservations: 4410 7300 or at Fnac shops)

ROME Palazzo dei Conservatori Rediscovering Pompeii: the IBM-sponsored touring exhibition which opened in New York three

years ago has since been making its way round European capitals. It brings together over 200 objects, many from recent excavations, and includes the re-creation of an entire room, using detached frescoes of flowers and birds which decorated one of the grandest villas of what must have been the Beverly Hills of the Roman Empire. Ends Feb 12. Daily. Galleria Giulia Lithographs by Max Beckmann and George Grosz among the works included are Grosz's 1920s cycle Gott Mit Nuns and the later Ecce Homo series. Ends Dec 7. Closed Sun and Mon (Via Giulia 148). Calcografia Antonio Canova and Engraving: new light is thrown on the Venetian sculptor, showing the immense importance he attached to the quality of the numerous engravings made of his sculptures, and his awareness of their value for publicity purposes. The exhibition consists of 100 engravings from the museum's own collection, as well as a bronze Medusa from Bassano di Grappa, and two oils, showing Canova to be little more than a dilettante in this medium. Ends Jan 6. Daily (Via della Stamperia 6). Insectarium A spectacular exhibition, organised by the WWF, the Natural History Museum in London and the Zoology department at Rome University, describing how insects have evolved over the last few million years. Among the exquisite conventional illustrations are eight insect robots 600 times their life-size constructed by Kokoro of Japan. Ends Feb 13. Daily (Intersection Viale Cristoforo

Colombo with Viale delle Accademie)

ROTTERDAM Museum Boymans-van Beuningen Italian Paintings 1300-1500: 26 paintings by early Italian artists from Bologna, Florence, Siena and other towns in northern and central Italy, complemented by a wide selection of contemporary prints and drawings. Ends Feb 27. Closed Mon

SPEYER Historisches Museum der Pfalz Europe's first wine museum, built in 1910, has re-opened with 150 artefacts tracing the history of wine-making back to Roman times. Also Rare Mechanical Toys: steam engines, trains and other collectors' pieces from private collections. Ends Feb 27. Daily

VIENNA Albertina French Drawings from Clouet to Brun: 150 works from the Albertina's collection of 16th and 17th century French drawings. Ends Jan 23. Daily. Jüdisches Museum Jewish Vienna: a cultural history of Jews in the city. Ends May 15. Song of Songs: abstract paintings by avant-garde German artist Heinz Mack based on motifs from the Song of Solomon. Ends Feb 13. Closed Sat. Kunsthau Joan Miro: centenary exhibit of 120 sculptures by the Catalan painter. Ends Jan 24. Daily

WASHINGTON National Gallery of Art The Age of the Baroque in Portugal. Ends Feb 6. John James Audubon: 90

watercolours painted by the early 19th century American naturalist-artist for his print series Birds of America. Ends Jan 2. Cessari Venus: Giambologna's marble masterpiece (c1583) is the centrepiece of an exhibition focusing on the female nude. Ends Jan 17. Daily. Hirshhorn Museum Willem de Kooning: 50 works by the key abstract expressionist painter spanning the years 1939-85. Ends Jan 9. Daily. Walters Art Gallery Artists of Ecouen. Ends Feb 6. Closed Mon. Phillips Collection The Migration Series: 60 panels of Jacob Lawrence's epic painting of the post-World War One flight of African Americans from the rural south to industrial north. Ends Jan 9. Images of the American Scene in the 1930s and 40s: watercolours, drawings and lithographs from the permanent collection, complementing the Migration pictures. Ends March 6. Daily

ZURICH Kunsthau Joseph Beuys: retrospective of Germany's leading avant-garde artist of the postwar period, including sculpture, drawings and installations from public and private collections. Ends Feb 20. Closed Mon. Museum Rietberg African Masters: masks and figures from Zaire, collected over the past 50 years by German ethnologist Hans Himmelstein, supplemented by his own photographs of the people of Zaire and their art. Ends March 20. Closed Mon

After storming onto the world's economic stage about 25 years ago, the Organisation of Petroleum Exporting Countries this week bowed out, at least temporarily, of its increasingly taxing role as an influence on the short-term price of oil.

The decision on Wednesday night by the 12 delegations meeting in Vienna to brush aside market demands for an immediate cut in Opec's 24.52m barrel-a-day production ceiling may not herald the demise of the organisation. But it does move it into a new era in which the emphasis is likely to be on market share rather than on price. This is despite the fact that all Opec states, including Saudi Arabia, the dominant producer, are reeling from falling revenues.

The decision was a clear signal that Opec would not sacrifice volume for higher prices. It was also tantamount to an admission that in a period of plentiful supplies and weak demand in the main industrialised western countries, Opec could no longer fine-tune the price in a way which would be politically acceptable to its member governments.

"A small cut might not be enough to move the price," said one delegate, adding that such an outcome would be difficult for oil ministers to justify on their return home.

This means that market forces alone will dictate the short-term price, which they did with a vengeance yesterday, when the benchmark Brent blend fell to \$14.57 a barrel in late London trading.

Opec officials said they had fully expected "the price to fall for a day or two", as the market digested their view that the longer-term outlook for balance between supply and demand were "not that bad". But Mr Mehdi Varzi, research director of Kleinwort Benson Securities in London, yesterday wondered "where the rot would stop". He saw many similarities between current market conditions and those which led to the oil price collapse in 1986, when prices fell below \$10 a barrel.

Not all industry observers shared such an apocalyptic view, but most agreed that Opec's 12 member states have put at risk billions of dollars in potential revenues in order to ensure that they maintain market share.

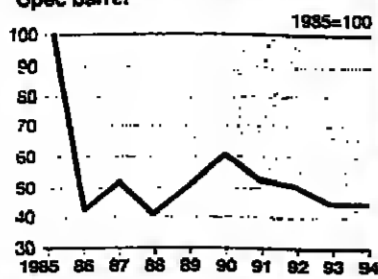
The alternative under discussion in Vienna - a modest cut of 2 per cent shared between all members - carried with it an even higher political risk.

Not so slick as the market

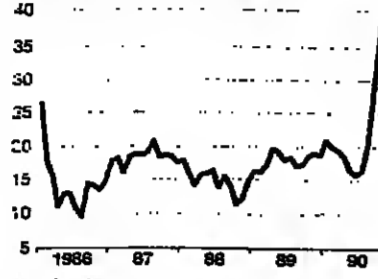
Robert Corzine detects a steep decline in Opec's influence

Opec: on the slide

Purchasing power of an average Opec barrel



Oil price (Brent crude, \$/barrel)



Source: Economist

that of "cutting back and ceding market share to non-Opec competitors and not having the price recover", according to Mr Joseph Stanislaw, managing director of the independent Cambridge Energy Research Associates in Paris.

The "free ride" which non-Opec producers might be enjoying at the expense of the organisation has been a recurrent theme in official statements this week. The end of the conference communiqué noted that Opec alone should not "have to bear the burden of balancing supply and demand".

But appeals for restraint on the part of independent producers are unlikely to be heeded, Opec is particularly vexed by a surge in North Sea production by the UK and Norway, whose combined output could rise by as much as 1m barrels a day in 1994, the equivalent of a medium-sized Opec producer.

Some analysts say, however, that Opec's focus on independent producers merely serves to camouflage the deep distrust

within the organisation itself. "When they say that others might simply move in to take over their market share, they mean their own members," said one US-based oil industry expert.

An Opec delegate confirmed that uncertainty over whether a cut would have resulted in full compliance was a factor in Wednesday's decision. "Some countries might not have abided by it," he said. "So a 500,000 barrel-a-day cut might have been only 200,000 or so in reality", a level unlikely to have any lasting impact on bearish market psychology.

Opec's chronic weakness of large-scale cheating on quotas by some members such as Iran and Nigeria meant that a 1m barrel-a-day cut was not put forward. One delegate conceded, however, that it would have had a positive effect on the markets. "No one was in favour of it," he said.

That left Opec with no other recourse than to stick to its September output agreement, which set quotas close to most members' capacity in order to

minimise cheating. That agreement appears to be holding, and the conference communiqué said it "should be given necessary time to achieve its goals".

It is a prospect which some experts say may be achievable. Dr Leonidas Drollas, chief economist at the London-based Centre for Global Energy Studies set up by Sheikh Yamani, former Saudi oil minister, believes an estimated quarterly demand for Opec oil of 24.6m barrels a day in both the present period and in the first three months of 1994 is likely to match Opec output.

He predicts that a shortfall could emerge as early as the second quarter of 1994, when excess stocks built up earlier this year because of Opec over-production should be eliminated. And that, he says, would imply a \$16.50 price for Opec's basket of six crude oils well below its \$21 target price but well above the \$14.70 level recorded on Monday.

But many wonder whether Opec can wait that long or have full confidence in demand forecasts which have been consistently trimmed in recent months. Although all countries are suffering from what Mr Stanislaw describes as "revenue deprivation", not all are hurting to the same degree.

Kuwait and the United Arab Emirates, for example, differ markedly from heavily populated countries such as Nigeria and Iran, both of whose poorly performing domestic economies are propped up by hard currency oil revenues.

Mr Varzi says the political implications of low oil prices could come to dominate government thinking in such vulnerable countries in the months ahead, especially if lower revenues threaten to trigger off widespread social unrest. The scale of Opec's possible problem is highlighted by the fact that for every \$1 fall in the annualised oil price, member states lose a combined \$5bn in revenue.

Perhaps the only optimistic note which greeted oil ministers as they trooped into their limousines yesterday en route to the airport and home was the unseasonably early blanket of snow which covered Vienna and showed no signs of melting. No doubt thoughts from their mainly desert and tropical capitals will increasingly turn to hopes for a white and exceedingly cold Christmas in the northern hemisphere.



Joe Rogaly

It's make or break time

The Budget on Tuesday will have little to do with the economy. It will be about political survival. So do not search this space for money-making or money-saving tips about what will be in the chancellor's package, let alone the likely market reaction to this tax or that spending cut. If I could divine these things I would not be here; I would be George Soros. Economic forecasting is impressive when its author makes billions out of it. The rest is guesswork.

Politics is another matter. We can safely assume that what Mr Kenneth Clarke has to say on Tuesday will, if he gets it badly wrong, break the government. Getting it right may not save the present administration, but it would at least make political recovery possible. In short, the chancellor has direct responsibility for carrying out part "B" of Mr John Major's plan to regain his authority and stay prime minister. Part "A" has been to survive, by whatever means necessary, until the Budget. This has succeeded, albeit at the cost of some unpleasant tacking towards the hard-faced Right.

The second part of the strategy will be revealed next week. Our Cheeky Chappie chancellor will try to look the part as he reads out familiar polysyllabic phrases whose real meaning will not be lost on anyone. He will talk about reducing the public sector borrowing requirement, and possibly even about rebalancing fiscal and monetary strategies. You can ignore all that. Concentrate on the overall performance. "We are not fools," his jargon will be saying. "The government is not incompetent," his elaborate analyses will imply. Many

audiences - his own backbenches, economic analysts, the markets - will be expected to concur. The purpose will be to recover the Conservatives' lost reputation for superior economic management. Mr Clarke knew when he took the job at the beginning of the summer that this would take some doing.

Yet if the trick can be managed, both the chancellor and Mr Major will be on firmer ground. We are assured by a clutch of indicators that we can look forward to at least a year or so of steady growth and low inflation. If so, the Conservatives might begin to recover, popular approval. It would be wrong to take Tory optimism too far, but perhaps

the party might even unite in support of the government. Well, most of the party anyway. Its performance in the last year's local and European parliamentary elections could in consequence be less awful than is currently anticipated. Mr Major, written off so often since Britain's election from the exchange rate mechanism, would be safer.

It is against this background that the pre-Budget arithmetic should be rehearsed. Mr Clarke has consistently intimated, in both public and private, that a deficit of £50bn is unacceptably high. Not everyone, least of all the National Institute of Economic and Social Research, goes along with this, but let us stick with the chancellor's known opinion. He has also maintained, without wavering, that the public spending ceilings agreed before he took the job are low enough - that there is little if any room for a squeeze on expenditure greater

than was envisaged by his predecessor. If these two Clarke propositions remain constant until next week, and if no sudden improvement in the PSBR is detected by a compliant Treasury computer, taxes must be increased.

At this point the government's nerve will be tested. If it fails to raise taxes by a convincing amount the economic competence argument will be lost, at least to those for whom "sound money" is an article of faith. If it does increase taxation the new imposts will be piled on top of the mountain of tax imposed by Mr Norman Lamont in the March Budget. The Conservative election campaign of April 1992, already exposed as bogus, would come to be fixed in the public mind as the shamelessly misleading undertaking it was.

In March, within a year of promising low taxes, Mr Major's government imposed the highest single walloping of extra taxation anybody can recall. File on more agony next week and people may begin to ask a fatal question - if Tories, like Labour, devalue the currency and balloon up taxes, why not elect Labour in the first place?

The question would have less force if the Budget had been preceded by proper public debate. The necessity for this or that measure might then be more widely understood. The move to a "unified" tax and spending statement is merely a piece of camouflage. This year's spending negotiations were, as ever, Treasury-led. The new procedure introduced last year has not produced serious debate among colleagues about priorities. It was designed to ensure collective

responsibility for cuts forced on departmental ministers. Taxation is not directly related to spending plans, but to the Treasury's perception of what is needed to steer the economy, as amended by what is required to keep the government in office. The real decisions are made in secret by a handful of ministers and officials.

Supposed moves towards open government are not to be taken seriously. Treasury ministers do now appear in public ("ending pre-Budget purdah"). The governor of the Bank of England can decide when to announce the chancellor's decisions. A committee of outside economists is "consulted" by Mr Clarke. These are gestures. They do not affect the substance of decision-making. They do not allow for the additional wisdom that might accrue if the Budget was issued as a green paper in advance of the real thing. The chancellor is merely flashing an ankle, revealing nothing. The same principle, incidentally, is being applied to Britain's spies, whose existence, headquarters, and directors have recently been named - without making us much the wiser.

In a rational world we would have seen the back of the Tories by now. In reality they have nothing to fear but a Labour party led by Mr John Smith. Voters know that Labour stands for spending. That is its attraction. Mr Smith says that closing tax "loopholes" would bring in £10bn to the Treasury. This, he would have us believe, is not like the Conservatives' additional taxation. The government can "punch aside such complicated and dangerous notions without visible effort. When assessing the Tories' chances of staying in office, and winning again, ask yourself this: which party is the better liar?"

The chancellor is responsible for carrying out part 'B' of Major's plan to regain his authority. Part 'A' has been to survive

LETTERS TO THE EDITOR

Number One Southwark Bridge, London SE1 9HL

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Cooling off would avert tax problem

From Ms Kay Ingram

Sir, Andrew Jack highlights the possibility that the chancellor will reduce or remove tax relief on pension contributions in the forthcoming Budget ("Planning to counter the budget crunch", November 20). He indicates that higher rate tax payers should consider making contributions before Budget day to safeguard higher rate relief currently available. However, his warning that any immediate action could result in the potential loss of higher levels of tax relief, assuming income tax rates go up and pension tax relief is untouched, is spurious. The cooling off requirements of the Financial Services Act mean anyone in this position can safely make a contribution.

Should this prove not to have been the best course of action, they will be able to cool off and receive a full refund of their contributions within 14 days. Those likely to be affected by these possible changes should consult an independent financial adviser. Kay Ingram, divisional director, Willis Corroon Financial Planning, 55 Gracechurch Street, London EC3V 0BN

Naming names if companies fail

From Mr Nigel Wilkins

Sir, There is little doubt that more directors of failed companies deserve to be disqualified for misconduct ("Insolvency service fails to speed up", November 17), and it is gratifying to learn that more resources are being devoted to achieving this objective.

In the meantime, while this backlog of outstanding cases is being cleared up, the business community's interests would best be served if the Insolvency Service actually published the names of directors receiving an

adverse report from company liquidators.

Moreover, since misconduct by directors is such an important contributory cause of corporate insolvency, greater resources also need to be devoted to enforcing company law more generally. Sample vetting of accounts submitted to Companies House could play a key role in deterring much of the malpractice that persists. Nigel Wilkins, 9 Petersham House, Harrington Road, London SW7 3ED

Liquidity

From Mr D K D MacKerrell

Sir, I was most interested to read that Armenia had joined the ECU in adopting the dracm as its unit of currency ("Armenia introduces own currency", November 22).

Does this move herald a pan-European alliance to rival the Ecu, or will it be backed by commodities to form the Whisky Standard? D K D MacKerrell, principal lecturer in accounting, University of Greenwich, Woolwich Campus, Riverside House, Beresford Street, Woolwich, London SE18 6BU

No shortage of advice

From Mr T Gordon Buckridge

Sir, Your comment ("Flat owner plan fails to attract funds", November 5) that without freely available advice take-up of the right of collective enfranchisement will be low is not supported by the facts.

Housing minister Sir George Young's hope to have an advisory group financed and set up to help both landlords and tenants in this area to understand the terms of the act may have foundered, but there are many bodies and firms that have already published excellent guides apart from that published by his own department (some of which are free, some not) to enlighten those entitled to participate.

This federation has been giving free counselling to its members since 1971 in this field, from forming tenants associations to running a block of flats after purchase of the freehold. It will continue to do so long after any government-inspired group is laid to rest. T Gordon Buckridge, chairman, Federation of Private Residents' Associations, 11 Darlington Street, London SW1H 9BL

Motorways need more service stations

From Miss Pip Pirie

Sir, After so many tragedies recently on the roads, I feel I must voice my opinion about the severe lack of service stations on the motorways. There are none on the M40. Being a student in Birmingham and living permanently in Sussex I often drive home. The 150-mile journey is entirely devoid of services. The Department of Transport has brought it to our attention that "tiredness can kill" and that we should "take a break".

The question as far as the M40 is concerned is "where?". Recently, a mother travelling with her children in the back of the car was fined for stopping on the hard shoulder for fear of falling asleep at the wheel. Her crime was that she had not broken down and was therefore illegally parked. Ironically, the idiot who changed his wheel in the outside lane was left off with a caution. Surely it has got to a stage where the government must react positively to these frequent incidents.

Many a time have I driven past a lorry that is weaving between the hard shoulder and the inside lane, the driver obviously dropping off. These HGV drivers are under a great deal of pressure to deliver on time, but there is only so much one can do to stay awake. Service stations could and should be included at the road planning stage. There is so much that needs to be done to lift the safety standard of roads but providing more service stations would be a step in the right direction.

I know my mother is not the only parent who worries more and more about the safety of her children on the roads. Miss Pip Pirie, 8 Dale Road, Selly Oak, Birmingham B29 6AG

'Quick fix' not in best interests

From Mr R Hoegh-Johansen and Mr M Rubery

Sir, It is widely accepted that the credit boom of the 1980s was due to financial deregulation and over-optimism about growth. It resulted in the private sector incurring a high level of debt and this has led to the current recession.

We believe the private sector's priority is still to reduce this debt burden because of less optimistic economic outlook and borrowing constraints by a more cautious banking sector. Consequently, cutting interest rates in the budget

will not result in an immediate increase in investment or consumption but rather will at most bring closer the date when a desirable ratio of debt to income has been restored. Only then will we enjoy sustained non-inflationary growth.

Therefore, we ought not to be expecting a "quick fix" solution but instead look to maintain a consistent long-term monetary policy. R Hoegh-Johansen, M Rubery (Warwick University students), 132 Broomfield Road, Earlston, Coventry CV4 6LB

Thorp market tested and offers jobs in high unemployment area

From Mr David Compston

Sir, With 3,000 jobs on the line at the Thorp plant at Sellafield and many more at stake in contracting companies such as mine, the debate about whether the plant should open is absurd as Paul Leventhal suggests (Letters, November 23).

However, he misses the point. Thorp is built. It has full order books and the customers put up their money in advance. The German and Japanese utilities have said again and again that they stand by their com-

mitments to the plant. What greater market test can there be than that?

It is time that British industry was left alone to do the job it knows best: to lead the world in high technology, to make profits and be proud of it. David Compston, chairman, Allott & Lomax, Southwood House, 23 Buckingham Gate, London SW1E 6LB

From Lord Inglewood MEP

Sir, You have just published

a series of long and detailed letters about Thorp (November 23).

If this proposal proceeds it will create in the order of 5,000 jobs in West Cumbria, which is an area of high unemployment.

Not one word was devoted to the economic and employment consequences of this proposal for my constituents. I do think that any debate about Thorp must include a recognition of the economic importance of this project for those in the locality.

Clearly, human and environmental safety is the paramount consideration, but simply to overlook and ignore the economic and employment implications on the west coast of Cumbria is to omit a very important and legitimate aspect of the debate. Those who do so debase their own arguments. Inglewood, MEP, Cumbria and Lancashire North, Dalton-in-the-Forest, Penrith, Cumbria CA11 9TH

FINANCIAL TIMES

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Friday November 26 1993

Mr Kohl loses his gamble

Under the wise post-war German constitution, the country's federal presidency is a post devoid of real political power. Mr Richard von Weizsäcker, the incumbent, has, however, shown that the German head of state can wield weighty influence within and beyond his country's borders.

Germany's complex struggle to come to terms with unification has increased both the potential authority of the office and the pitfalls into which it can stumble. After chancellor Helmut Kohl's mishandling of the issue of Mr von Weizsäcker's successor, the damage runs deep. The status of the presidency will probably recover. Mr Kohl's may not.

Yesterday's decision by Mr Stefan Heitmann, the chancellor's choice as Mr von Weizsäcker's successor, to step down from the presidential race was an inevitable reaction to the hostility caused by his candidacy within and beyond the governing Christian Democratic Union (CDU).

The tactlessness of Mr Heitmann's remarks during the summer on the Holocaust or Germany's European role has sometimes been exaggerated. Yet he never looked likely to live up to Mr von Weizsäcker's standards. Mr Kohl's initial decision to back an untried East German was always risky. It has now been exposed as an ill-thought-out gamble, laying the chancellor open to charges that, after 11 years in power, he is falling prey to hubris.

After his 1989-90 reunification triumph, Mr Kohl has during the last few years started to look out

of touch with the realities of his country's economic challenges. In contrast to his predecessor, Mr Helmut Schmidt, the chancellor's strength has been his pre-eminence in dealing with adversarial elements in his own party. His loss of sure-footedness as revealed in the Heitmann affair will further weaken an already unpopular CDU. Mr Kohl has earned his place in the history books. But, as he ponders next year's mammoth run of regional and national elections, he runs the risk of looking like a lame duck.

No party can benefit from the last few months' spectacle of horse-trading of Germany's highest political office. But the chances must have increased that the opposition Social Democrats (SPD) will take the presidency for only the second occasion in the history of the post-1949 republic. The party has now two respected candidates, Mr Johannes Rau and Mr Richard Schröder, the east German professor yesterday endorsed by Mr Heitmann.

Mr Kohl's rationale in putting forward the Heitmann candidacy was to avoid formally endorsing a Social Democrat candidate. This would have undermined Mr Kohl's position by appearing to open up a path next year to a formal CDU-SPD Grand Coalition, under another leader. After the presidential debacle, Mr Kohl's strategy starts to look the most likely outcome of next year's elections. Mr Kohl's position as party leader and chancellor could become increasingly untenable.

Welsh wizardry

Government policies for economic regeneration in Wales are often hailed as a model which could be copied in England. Inward investment is one symbol of success: with just 5 per cent of the population, Wales has won around 20 per cent of jobs from investment into the UK in recent years. The unemployment rate in Wales - in the past higher than the UK average - is now slightly below the average.

Yet doubts persist about the substance behind the rhetoric of achievement. A study published this week by the Government Statistical Service questions the success of the Programme for the Valleys. This initiative, launched in 1988, pumped £770m of public funds into the south Wales valleys during its first five years. Yet manufacturing employment in the area fell by 11 per cent over the period, compared with a drop of 7 per cent across Wales. While there has been a small improvement in the unemployment rate, it is only marginally greater than for Wales as a whole.

It may be that it is too soon to reach a judgement on what is inevitably a long-term process. The initiative has achieved a good record in land reclamation, with most derelict land now cleared. Considerable improvements have been made in infrastructure such as roads and industrial buildings. Without the additional 5,000 jobs in overseas-owned manufacturing plants created in the first five years of the initiative, the area would have fared much worse. Yet for all the flow of public money, the

economy of the valleys has done little better than the rest of Wales.

Wednesday's is the third official report in three years to raise doubts about government regeneration policies in Wales. In 1991, the National Audit Office criticised the government's failure to calculate accurately the returns on public investment in job-creation. In 1992, 16,745 jobs had been created, compared with a forecast of 25,715. While the aim was to use government funds to lever in between three and eight times as much in private investment, the NAO found that the figure was closer to 1.7 times.

More recently, there has been embarrassing criticism of the Welsh Development Agency, the government's economic regeneration arm in Wales. A Commons committee accused it of wasting public money on redundancy payments and an unsuccessful project to consider possible privatisation. Economic regeneration undoubtedly needs public funds if the private sector is to be attracted back into areas such as the Welsh valleys. But costs and benefits must be analysed openly and accurately to ensure that limited resources are deployed effectively. Lord Walker, the Welsh secretary between 1987 and 1990 who launched the Programme for the Valleys, would do well to remember this in his new job as chairman of English Partnerships, the government's urban regeneration agency for England.

Tokyo's blues

The Japanese authorities have long enjoyed an enviable reputation for astute management of the world's most dynamic economy. They are losing their reputation, as the economy has lost its dynamism. Worse, they seem unwilling, or unable, to do anything effective about it.

Earlier this week Mr Yasushi Mieno, governor of the Bank of Japan, admitted that he could see no sign of recovery, though he doubted whether the recession would develop into a "worsening spiral". This is slight comfort. In any case, he insisted, the central bank had "taken all necessary steps in terms of monetary policy", after cutting its discount rate seven times since July 1991. This is an unimpressive excuse.

Even as he spoke, the ministry of international trade and industry disclosed that industrial production had dropped by 3.5 per cent year-on-year in the third quarter. Prospects for industrial output also remain poor, with inventories 1.1 per cent higher at the end of September than three months earlier and the monthly index of leading indicators in decline. Meanwhile, real household spending was down 1.7 per cent in the year to September.

With companies suffering declining demand at home and the burden of an appreciated yen, profits are inevitably depressed, as is the stock market, down 19 per cent since September. Economists share the gloom, disagreeing only over whether gross national product will stagnate or grow slightly

next year, after stagnating or falling this year.

Unlike Germany, Japan seems to be in the grips of a true deflation: wholesale prices have been falling at an annual rate of around 3.4 per cent a year, while consumer prices are rising at about 1 per cent. In the Japanese case, there is no excuse for monetary stringency. Yet broad money has grown little since 1991. No wonder nominal gross domestic product expanded by a mere 0.2 per cent in the year to the second quarter of 1993.

Since the combination of expansionary fiscal packages with slow monetary growth tends to push up the exchange rate, monetary policy must be loosened as well. If low interest rates have little effect, the Bank of Japan could inject money via aggressive open market operations. The authorities could also increase the responsiveness of bank lending to interest rate cuts, by helping accelerate the removal of bad debts from bank balance sheets. Meanwhile, radical deregulation - including liberalisation of agricultural imports - should be sold as a way of dampening any incipient inflation and creating new opportunities for growth.

Why should an economy with no inflation, huge productive potential and an exceptionally strong fiscal position suffer persistent stagnation? If the Japanese authorities cannot think of a really good answer to this question, they should try harder to stop it being asked.

So far, so good. The smooth sale of the French government's stake in the chemicals group Rhône-Poulenc means that the first brace of companies on its 21-strong privatisation list has been successfully dispatched to the public sector.

As with Banque Nationale de Paris, which launched the government's FF250bn (£28.47bn) privatisation programme last month, Rhône-Poulenc was much in demand. The public share issue was three times over-subscribed, prompting the government to exercise a claw-back option from institutional investors. Mr Edmond Alphandery, the economy minister, announced yesterday.

"We are off to a strong start," says an official at the economy ministry. He adds that the FF13bn to be raised from the sale of Rhône-Poulenc and FF23bn from Banque Nationale de Paris will enable the government to reach its target of FF400bn from privatisations this year. Over the next few weeks, the private sale of Banque Paribas, the small retail bank, should be completed, adding about one billion francs to privatisation proceeds.

But this year's receipts pale alongside the whole programme, the largest sell-off in a wave of privatisations in Europe. The big question facing the government and investors is whether the successes of Rhône-Poulenc and BNP can be repeated as bigger, more complex or less attractive issues are led to the auction block.

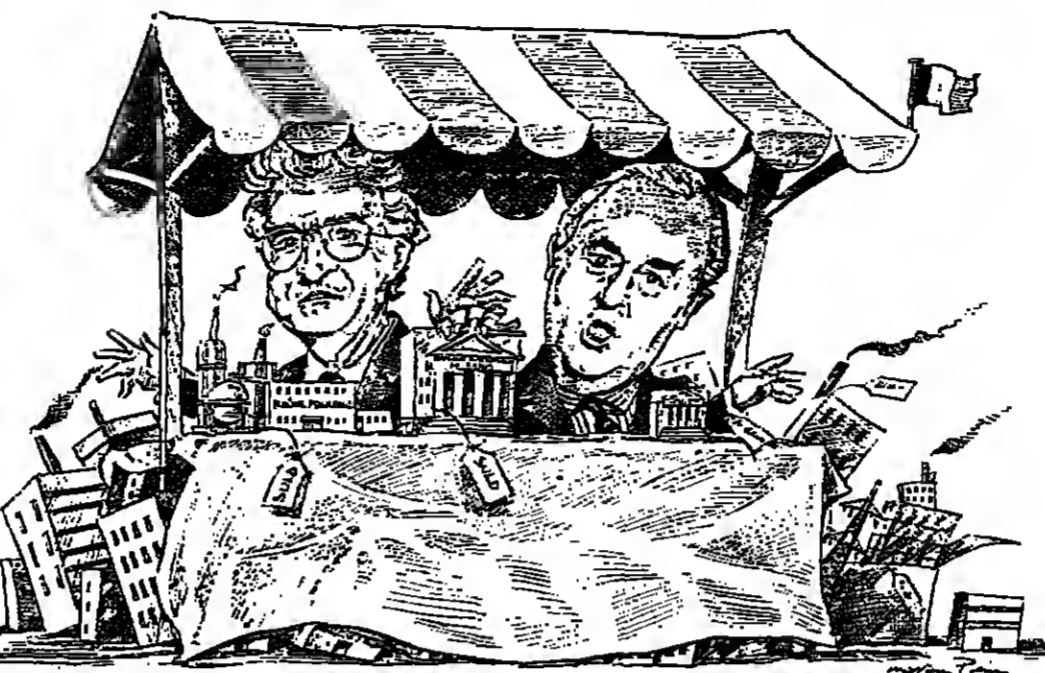
Most observers are confident, at least for the next few issues. "I don't see the process becoming more difficult," says Mr Didier Cherpitel, managing director in Paris of J.P. Morgan, the US investment bank. "The companies to come are well known and in appeal."

The government has also shown its willingness to sell its assets at attractive prices - shares in both BNP and Rhône-Poulenc were offered at a discount of about 13 per cent to their market price. Next on the auction block will be Elf Aquitaine, the oil company and France's largest industrial group. It is the final name on the list of four companies selected to launch the privatisation programme and will be sold next year. The next phase in the sell-off has yet to be announced. But Union des Assurances de Paris, the country's largest insurer, is expected to be near the top of that list.

Preparations for the sale of Elf and UAP are under way. Mr Edmond Alphandery, the prime minister, has installed his own men to head the two groups - Mr Philippe Jaffré at Elf and Mr Jacques Friedmann at UAP. Like BNP and Rhône-Poulenc, Elf is suffering from falling profits - a result of depressed European markets and the weak oil

Rush for Balladur's winter bargains

John Ridding examines the initial success of France's privatisation programme



price. Mr Jaffré predicts "mediocre" results of just over FF1bn this year, against FF2.2bn in 1992. But industry observers expect an adequate demand for shares in Elf, as profits are set to recover over the next two years.

At UAP, recovery is underway. After a sharp fall in profits last year, the insurance group announced a 15 per cent rise in net profits to FF1.05bn in the first half. More importantly, Mr Friedmann's predecessor, Mr Jean-François, resolved a long-standing dispute with Suez, the financial and industrial holding company. The agreement gives UAP control of Colima, the German insurance group, and enables Mr Friedmann to strengthen his company's European presence.

The further down the list of privatisation candidates the government moves, however, the more complex the sell-off process becomes. In some cases this is because of restructuring plans, in others because the candidates are loss-making, indebted enterprises.

The biggest restructuring is at Renault, which is attempting to merge with Volvo of Sweden. The government's decision to complete the merger before privatisation is logical. "You can't ask investors to buy shares before a big change in the shape of the group," says Mr Louis Schweitzer, Renault's chairman. But the merger is proving problematic, Swedish shareholders, concerned about the terms of the agreement, could sink the deal at a vote on December 7.

Renault, which has remained in profit throughout the downturn in the world car industry, could be sold with or without a successful merger with Volvo. Elsewhere, however, restructuring is likely to be a condition of privatisation. One example is Pechiney, the loss-making aluminium producer. To increase its attraction, Mr Gérard Longuet, the industry minister, is considering a classic case of what the French describe as "industrial mecano". This would involve an alliance between Pechiney and Compagnie Nationale du Rhône, a

low-cost supplier of hydro-electricity.

Such strategic restructuring illustrates a paradox likely to appear in several privatisation issues - the need for the state to intervene in some companies to prepare the ground for a loosening of state control. In the case of Pechiney it has prompted resistance from Electricité de France, the state-owned utility, which is understandably reluctant to lose one of its most profitable operations. But the interplay of EDF's political masters are likely to overcome such protests.

Stronger opposition to the privatisation plans comes from union protests against rationalisation. Without job cuts, loss-making companies on the privatisation list - such as Bull, the computer manufacturer, Air France and Aérospatiale, the aerospace group - will find it difficult to return to profit.

With unemployment at 11.8 per cent and rising, the government is unwilling to risk social unrest by fueling the ranks of the jobless. Last month's strike at Air France,

which prompted the government to shelve an austerity plan at the airline, sent a powerful signal that public sector industry should avoid involuntary redundancies.

As the more attractive members of public sector industry line up for sale, such a constraint is limited. But the postponement of rationalisation measures at Air France and other loss-makers may make it difficult to privatise them within the government's five-year timetable.

If the supply of companies to be privatised may become more problematic after next year, what are the prospects for demand? "There is a lot of domestic liquidity," says Mr Cherpitel of J.P. Morgan, referring to the FF1,200bn of savings held in Slevam money market funds.

These funds have been rendered less attractive as interest rates have fallen. Interest rates on three-month loans are now less than 7 per cent against more than 9 per cent late last year. In addition, there are savings committed to the government's Balladur bond, which raised FF110bn when it was issued last summer and which can be converted into privatisation shares.

International prospects are also encouraging. "The French programme should be quite successful in attracting US investors," says Mr David Boyle, managing director of Citibank in New York. He argues that France represents only 3 per cent of the European equities held by US investors and is, thus, underweight in most US portfolios. Both the BNP and Rhône-Poulenc issues were oversubscribed by international institutional investors.

Whether potential demand is transformed into purchases will, however, depend on French economic prospects and the stock market's performance. "The major risk is that a longer, deeper than expected economic recession could renew equity market weakness in late 1993 and 1994," says Mr Jean-François Mercier, economist at Salomon Bros in London.

The government has struck an upbeat tone in this respect. "The economy seems to be on the right footing," said Mr Balladur last Sunday, promising further stimulatory measures if necessary. But private sector economists are more cautious. They describe official forecasts of a 1.4 per cent increase in Gross National Product next year as optimistic, arguing recovery requires a fall in interest rates and a revival in consumer confidence.

Without lower borrowing costs the prospects for economic recovery will remain fragile. So too will the performance of the stock market. In that case, France's grand public sector sell-off would find the going much harder.

Balkan crisis comes between friends



PERSONAL VIEW

As European Union officials prepare for Bill Clinton's first trip to Europe as president, in January, there is a growing awareness that something is seriously wrong in Europe-US relations. Trouble was in the air even before President Clinton, strengthened by his recent North American Free Trade Agreement victory, signalled to Europe that the US would favour its Asian trading partners if the EU does not move far enough to make possible a deal on the General Agreement on Tariffs and Trade.

Is there a Europe-US crisis in the making? Is trade the problem? The answer to the first question is maybe and to the second no. The real problem is the tragedy in the former Yugoslavia and the questions it raises about who should do what in world peacekeeping. There are trade disputes, but for now each side is doing what it could be expected to do - bargain. The Balkan crisis is deeper

and harder to talk about.

Some in Europe have difficulty understanding why this should keep coming up in transatlantic relations. Americans are seen in Europe as naive, self-righteous and hectoring, or at least unrealistic when they seemingly preach to Europe about a problem that has no easy solution, no single villain and apparently nothing but political downside. At least in trade the EU can understand the US interest, but in the Balkans Americans seem like boy scouts. In fact, the US does have an essential interest in knowing its closest allies share a sense of peacekeeping responsibilities.

The fall of the Soviet Union and end of a world dominated by two superpowers has ignited a debate within the US about its role in world peacekeeping. There is little consensus on what is necessary to use force and who should do it. But many key US policymakers, especially in Congress, continue to believe the primary responsibility for the Balkans lies with Europe. However well-intentioned and skillful Lord Owen's efforts have been, including the most recent round to

try to exchange sanctions for territory, they appear to lack two essential ingredients of world peacekeeping: muscle and moral basis.

As to muscle, there is intense resentment both on Capitol Hill and among some administration officials towards the perception that Europe will not or cannot use force where it must. Americans do not

There is resentment on Capitol Hill that Europe will not or cannot use force where it must

want to be the bouncers or bodyguards for other wealthy nations that sit comfortably indoors. Europeans have not forgotten the stinging comments of Senator Joseph Biden, the ranking Democrat on the foreign relations committee, a few months ago, to the effect that Americans were tired of Europe "holding our coats" while urging the US to do the fighting. On the lack of moral basis, the

New York Times columnist, Anthony Lewis, wrote in March that the EU was a "dead, soulless creature" because of its failure to act meaningfully to stop the carnage in Bosnia. It is not just Americans who have been critical.

By accepting its responsibility to act, the Czech Republic's president, Vaclav Havel, said in his October 9 address to the general assembly of the Council of Europe. "The former Yugoslavia is the first great testing ground for Europe in the era that was initiated by the end of the cold war," Havel added that Europe's response is a failure on a scale with its failure to deal with Nazism and Soviet tyranny.

The moral vacuum of Europe's actions - or non-actions - is underscored by the plan for a partial lifting of sanctions in exchange for more land for Bosnian Muslims. In itself, this is probably a good stop, and the US does seem so far to favour it. However, the problem is that it lacks any condemnation, let alone deterrence, for the unspeakable acts of inhumanity that have transpired and will almost certainly continue. What if such trades succeed in calming the hostilities and

even providing relief from the winter? Of course, that would be a blessing, but what lesson would it give? Kill, rape, torture, maim innocent people, including the old and young, until it gets you no more - then sit down and do business.

By accepting its responsibility to act, the Czech Republic's president, Vaclav Havel, said in his October 9 address to the general assembly of the Council of Europe. "The former Yugoslavia is the first great testing ground for Europe in the era that was initiated by the end of the cold war," Havel added that Europe's response is a failure on a scale with its failure to deal with Nazism and Soviet tyranny.

Raymond S Calamara

The author, a lawyer, heads the Brussels office of Winthrop, Stimson, Putnam & Roberts

OBSERVER

Insuring your privacy

Should you receive an approach from Royal Bank of Scotland to buy your business, and you value your privacy, take the money in equity rather than yearly bonuses. This seems the moral of the story of Peter Wood and the Moffat family.

For the Moffats sold the A T Mays travel agents to Royal Bank around the time it was buying Wood's 25 per cent stake in Direct Line. Since then, Wood's ballooning compensation package has barely left the headlines.

The bank finally paid £24m to buy out Wood's bonus in an effort to protect itself from the fuss. He now holds £10m in Royal Bank shares, less than a third of the 1.5 per cent the Moffats have held all along in glorious obscurity.

User friendly

Cable & Wireless seems to have a knack of acquiring the services of ministers formerly responsible for its well-being. First, Lord Young becomes chairman of the privatised telecommunications group, hot-foot from the Department of Trade and Industry. Now Michael Manley, prime minister of Jamaica until last March, appears on its payroll as C&W's chief lobbyist with Cuba's Fidel Castro.

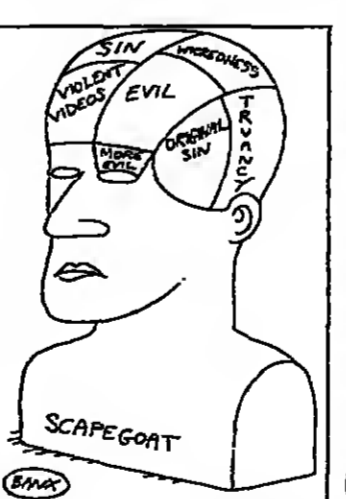
Once upon a time Jamaica's phone system was as decrepit as Cuba's and C&W mended it. So presumably Manley has been hired to tell Fidel what a good job it did. If the play works, it could turn out to be a nice little side business for other out-of-work politicians. Who knows, there could be a job for an ex-governor of Hong Kong, helping C&W's Hong Kong Telecom crack the Chinese market.

Up yours

Kenneth Clarke's verbal thuggery spreads abroad, notably in two recent bouts with Jacques Delors in which the Frenchman was treated to manners usually reserved for Britain's police and media. Brussels folk are beginning to ask how Clarke got a reputation as one of the most pro-European ministers.

An obscure Euro-law on urban waste water supposedly costing the British taxpayer £10bn caught the rough edge of Clarke's tongue - the only problem being that the British government had itself supported the directive in a unanimous vote. The chancellor was also pretty rude about the benefits of work-sharing, neglecting to acknowledge that Delors had distanced himself from that very principle.

A pained EC president wondered about why Clarke was obsessed with winning and losing. He even offered to build a cricket pitch next



door so his English friend could wield his brickbats elsewhere.

Why not exploit both men's sporting loves in a more constructive fashion by arranging a tryst at the Anderlecht football ground during the chancellor's next visit?

Sugar 'n spice

Alan Sugar, chairman of Amstrad and Tottenham Hotspur, was in fine fettle yesterday as he fielded questions from 350 young business folk at a lunch given by the charity Jewish Care. Would he do anything differently

if he could turn the clock back? "Yeah, I wouldn't deal with solicitors." And what about the future, did he have some concrete aims? "Certainly - not to get any more solicitors' bills."

Bear necessity

It was with the best of intentions that the FT this week re-ran an ad for the Peacekeeper Bear, a fund-raising toy launched by John Major to play and dream up by the United Nations Association. Unfortunately, the 0691 number now hands out racing tips for the 2 o'clock at Huntingdon. The UNA, which has already sold 3,000 furry items, says it hopes the tips enrich potential donors. They and others should now place their order on 071 402-9029.

Keep your quango

Sounds like the government might be having a spot of trouble finding a heavy-weight political figure to fill the chair of the Housing Corporation, the quango that distributes government grants to housing associations.

John Maples, highly regarded as economic secretary until he lost his seat in Lewisham at the 1992 general election, isn't interested. "When I started this enforced sabbatical I decided to get a full-time job rather than lots of little ones. I am sticking to that,"

says Maples, now running one of Saatchi & Saatchi's government lobbying outfits.

Sir David Trippier, also evicted from Parliament last year, might seem a better bet. He has done two stints at the Department of the Environment, the Housing Corporation's paymaster, so knows the business well. He would be "flattered to be asked", but even if he were he says he would say no. He's enjoying himself too much as chairman of Tepel Diagnostics, a bio-technology company.

Given that this month's Budget is likely to cut the grant of one of Britain's biggest quangos, the former MP's disinclination is perhaps understandable. Looks like the government may have to make do with another property developer after all.

Inscrutable

That organ of moral probity - the magazine Women of China, a government publication - is usually packed with useful tips, the latest edition being no exception.

It carries one absorbing item, Seven Don'ts in Sexual Life, by Zhang Hude. It's all based on the idea that one's qi, or vital energy, can be affected adversely by engaging in amorous activities at the wrong time. This includes when one is not in a good mood and when the weather is abnormal...

Framework deal with union would reduce hours by 20% at six plants

VW in pact to cut work time

 By Christopher Parkes
 in Frankfurt

Volkswagen and the IG Metall engineering union yesterday agreed a framework deal temporarily to cut working times in VW's six German works by 20 per cent, but gave strikingly different views on how it would affect wages and costs.

Mr Jürgen Peters, the chief union negotiator, said the annual incomes of around 100,000 workers would be reduced by 10 per cent, while Mr Jochen Schumm, representing VW, said the pact would cut total personnel costs by almost 20 per cent or DM1.8bn (\$1.06bn) a year.

The draft pact, which still needs much work before final approval, according to VW officials, will be presented to a meet-

ing of the group's supervisory board in Wolfsburg this morning. Agreement was reached under the shadow of threats from VW that 30,000 of the company's 100,000-plus German jobs would have to go unless cost-savings could be reached. The settlement on a basic 28.8 hour working week would apply "in principle" to all 105,000 employees, a spokesman said last night.

While union officials saw the deal as opening the way for widespread cuts in working hours - the union movement's favoured way of spreading work and preventing layoffs - economists and industrialists were sceptical.

Mr Thorsten Neufeld of the Deutsche Bank said the package would not lead to reductions in unit labour costs necessary to restore VW's competitiveness.

Adam Opel, VW's main rival, said it was not an appropriate starting point for restructuring the car industry. Mr Ludwig Horatz, head of Hamburg components supplier Phoenix, said the deal had been made possible by VW's generous pay scales which, he claimed, were at least 20 per cent above the metal industry average.

Audi, part of the VW group, where pay rates are already 10 per cent below those at the parent, said it was examining the idea.

Volkswagen's project is widely seen as an emergency stop gap measure to allow the deeply troubled company to avoid conflict with its labour force and its principal shareholder, the Social Democratic/Green party government of Lower Saxony.

Already committed to bailing out its Spanish subsidiary Seat with a DM1.5bn emergency cash injection, VW would be hard pressed to finance 30,000 redundancies, according to critics of the scheme.

Details so far available include the withdrawal of a 3.5 per cent general pay increase, which took effect on November 1. Christmas bonuses, holiday payments and other perks are to be reduced and the balance will be distributed monthly instead of in one-off lump sums.

The negotiators also agreed to bring forward a one hour cut to 35 hours in the "normal" working week from October 1995, to next January without a reduction in the basic pay rate.

Exports boost, Page 3

Indonesia and BAe agree car project

Continued from Page 1

but the company said yesterday that the ultimate aim was for the car to be completely manufactured in Indonesia.

Rover would not take any equity stake in the project, and the strategic industries agency would be responsible for the financing, said the UK carmaker.

Rover will head a group of five British companies developing the car jointly with the Indonesians, including T&N, the engine components group, IAD, the automotive design and engineering consultancy, Mira, the automotive testing facility, and Incheape, the international trading and motor retailing group, which is one of the leading independent car importer/distributors in Asia.

Indonesia's plan for an indigenous car industry follows the success of neighbouring Malaysia in developing a national car, the Proton Saga, based on technology from Mitsubishi Motors of Japan. Southeast Asia is currently one of the world's fastest growing car markets.

Petrochemicals producers near deal on capacity cuts

By Paul Abrahams in London

Europe's petrochemicals industry is close to agreeing rationalisation plans aimed at reducing losses running at hundreds of millions of dollars a month.

The Association of Petrochemical Producers in Europe said yesterday that its members had failed to agree plans to cut ethylene capacity by at least 1.5m tonnes a year. However, most petrochemicals groups were optimistic that the complex plan would be approved next month. The APPE is scheduled to meet on December 17.

Chemical company shares responded favourably to the news. Imperial Chemical Industries shares rose 45p to 719p, while shares in DSM of the Netherlands increased £14 to £102.2.

It is understood 25 APPE members voted, with 20 in favour, three against and two abstentions. A unanimous vote is needed. Those hostile to the proposals, which involve setting up an industry fund worth about DM550m (\$325m) to help reduce capacity, are believed to be pro-

Chemical company shares rise on hopes for improved earnings

ducers that have already shut plants and have efficient complexes. Some believe more capacity needs to be taken out than envisaged in the plan. During the early 1980s more than 4m tonnes were shut down.

Legal and technical details of the APPE plan also remain to be settled. Concerns have been expressed about verification and ensuring those shutting capacity do not build new plants for a set period. The European Commission would also have to approve any plan.

The European industry is dogged by overcapacity. Next year it will have capacity to manufacture 19.34m tonnes of ethylene, the basic building block for plastics, against expected demand of 15.58m tonnes, according to Trichem consultants, London-based industry specialists.

The company believes all European manufacturers of derivatives such as PVC and polyethylene have failed to cover their

cash costs this year, let alone cover depreciation.

Under the plan, companies would bid for industry financed restructuring funds in exchange for closing down capacity.

Analysts were yesterday divided about the potential impact of the move. Mr Michael Stone, chemicals analyst at S.G. Warburg, said the proposals had a good chance of being accepted and could lift operating rates. "That should improve margins from the present loss situation to the profitability of, say, 1986 or 1987."

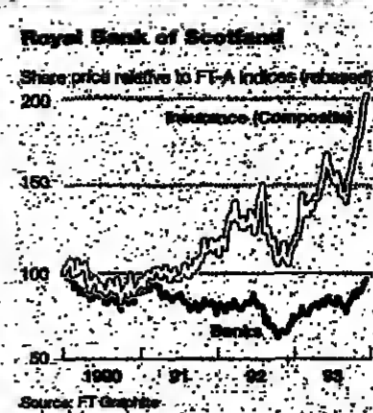
Others pointed out that the plan had yet to be agreed and would still require approval from competition authorities. They also pointed out that overcapacity was a worldwide problem and that Middle East and US petrochemicals manufacturers had a considerable cost advantage over European producers.

World stocks, section II

Oil in troubled waters

THE LEX COLUMN

FT-SE Index: 3093.1 (+25.4)



close tabs on claims. The US experience suggests good profits can be made in this area. With around 6m diesel motorists to aim at, and 15m insurance-buying households, the Direct Line formula has plenty of mileage left.

Royal Bank of Scotland has little incentive to demerge its progeny. Direct Line should be self-financing within 18 months. A high level of reinsurance cover reduces the risk of a hurricane blowing a hole in the bank's profits. With an expense ratio well below the competition - and falling as it pushes more business through existing systems - Direct Line could follow prices lower through the underwriting cycle and still remain profitable. Applying a growth-stock multiple to this year's likely earnings results in a market valuation comfortably above 50p. Even after yesterday's rally, Royal Bank shareholders should continue to feel the benefit.

BPB Industries

The ripple of excitement in building materials stocks caused by BPB's profits resurgence will provide comfort for those who have bid up the sector by more than 90 per cent since sterling's devaluation. Throw in the latest base rate cut and encouraging building figures and it is even tempting to see scope for further outperformance. Yet in believing this, the market is overlooking some immediate worries. The threat of the chancellor putting the hobbled hush puppy into social housing and local government spending should at least occasion some pause for thought.

There is also a danger of generalis-

ing from the particular. Several special factors have aided BPB. The plasterboard war, which devastated prices, has abated and margins are rebounding faster than they will in other sectors. Moreover, BPB has had greater opportunity to cut costs, given its history as a flashy monopoly producer. The 15 per cent rise in German plasterboard volumes confirms the strength of that market. Then again, the shares of RMC and Redland should have already discounted as much.

The big question for BPB will be whether it seeks to diversify in order to smooth its volatile earnings stream. The group's strong cash generation, which is rapidly eroding gearing, is creating the opportunity. But any such plans seem to have perished with the abrupt departure of the chief executive in September.

Volvo

It is just as well that Volvo has finally drummed up some significant shareholder support for its proposed merger with Renault. Independence is simply not an option for an automotive company with such a limited product range. Management's apparent victory, though, is largely tactical. The French clarification of the golden share issue and privatisation programme pulled the rug from under the feet of opponents. Their visceral dislike of losing a national champion to foreign control will remain.

Volvo, therefore, still needs to work hard at its investor relations, which have taken a knock from Mr Pehr Gyllenhammar's strong-willed style. Besides, a close alliance between the company and its owners will help defend Volvo's interests in the Renault deal. In the short run the French company's deteriorating profits will dilute Volvo's earnings. In the longer term Volvo must adapt to the awkward position of having no direct control over its largest asset.

Admittedly, Volvo will be the largest single shareholder in Renault. Volvo after privatisation and theoretically able to exercise considerable influence. But the French side will dominate the executive, and the car industry is littered with examples of failed mergers. The best are those, like Peugeot-Citroën, which involve the maintenance of distinctive brands as well as just cost savings. Volvo must ensure that its brand is not devalued if the merger is to make sense. If not, it could be left with an indifferent investment of no strategic value.

Kohl and Major warn over Gatt

By Judy Dempsey in Bonn

Britain and Germany yesterday warned that failure to reach agreement on the Uruguay Round of trade talks on December 15 would have "intolerable" consequences for the developing world, perpetuating recession in western Europe and leading to protectionist measures by individual countries.

Mr John Major, the British prime minister, and Mr Helmut Kohl, the German chancellor, also issued grim warnings about the level of unemployment and uncompetitiveness in Europe.

If European Union countries

did not tackle, and come up with solutions at next month's EU summit, both leaders said Europe would be unable to respond to the challenges posed by Asian economies. Speaking after the one-day Anglo-German summit in Bonn, Mr Major and Mr Kohl said a trade agreement was "achievable". But without naming countries, Mr Major said several countries had to show more "flexibility".

"Market access, agriculture, and audio visual issues, which affect both the US and France are now the main stumbling blocks to a deal," a British official said, adding that Bonn and London are

"extremely worried about any failure. It will do nothing to stimulate our own economies."

British officials confirmed that US president Bill Clinton telephoned Mr Major on Wednesday evening to discuss the trade talks. They said Mr Clinton wanted Britain to ask Bonn how far German officials would be prepared to put pressure on France into making compromises over the Uruguay Round. French and German leaders meet next week.

Apart from Gatt, which dominated the summit, British and German officials said EU countries would have to adopt greater

flexibility and training schemes to increase competitiveness and create jobs. "By the year 2000, the output of Asia will exceed the output levels of the European Community countries combined," said Mr Major.

The issue of unemployment and competitiveness will be the main agenda items during the European Union summit meeting early next month.

Both leaders also ruled out increasing public expenditure. "Sound finance, low inflation and flexibility on the labour market and reducing barriers to part time work" are the basis for growth," Mr Major said.

Europe today

Very cold air will cover most of the CIS and the Balkan States. The boundary between this arctic air and milder air to the west will remain almost stationary from northern Greece towards Finland, causing cloudy conditions and outbreaks of snow. Mixed snow, sleet and rain will occur in western Norway. Central and western Europe will be fair except for persistent cloud and fog in some areas. Rain will cover an area from the western Mediterranean to most of Italy. Winds will freshen to gale force in the northern part of this region. Northern Italy will be sunny except for the Po valley where fog will persist during the day.

Five-day forecast

Unsettled conditions will continue over the Mediterranean, but the heaviest rain will slowly shift south-east. A building ridge of high pressure near the Iberian peninsula will cause calm, sunny, but cool conditions. Wintry air will return to a large part of Europe as high pressure strengthens again over the continent. In this arctic fog will persist. Active frontal zones will stay mainly to the west of the Europe, but will spread cloud and rain to the western UK.

Warm front Cold front Wind speed in KPH

TODAY'S TEMPERATURES

Location	Max	Min	Location	Max	Min	Location	Max	Min
Abu Dhabi	31	21	Amsterdam	12	8	London	10	6
Accra	32	22	Bombay	28	24	Madrid	12	8
Algiers	18	14	Buenos Aires	24	20	Moscow	-2	-6
Ankara	12	8	Calcutta	32	28	New York	12	8
Bangkok	32	28	Chengdu	18	14	Osaka	10	6
Beijing	12	8	Colon	32	28	Paris	10	6
Bombay	28	24	Cape Town	22	18	Rangoon	32	28
Buenos Aires	24	20	Caracas	32	28	Seoul	12	8
Calcutta	32	28	Cebu	32	28	Singapore	32	28
Chengdu	18	14	Dublin	12	8	Taipei	22	18
Colon	32	28	Edinburgh	10	6	Tokyo	12	8
Cape Town	22	18	Faro	12	8	Toronto	-2	-6
Caracas	32	28	Frankfurt	10	6	Winnipeg	-10	-14
Cebu	32	28	Geneva	10	6	Zurich	10	6
Dublin	12	8	Hamburg	10	6			
Edinburgh	10	6	Heidelberg	10	6			
Faro	12	8	Hong Kong	24	20			
Frankfurt	10	6	Kobe	12	8			
Geneva	10	6	Kuala Lumpur	32	28			
Hamburg	10	6	Manila	32	28			
Heidelberg	10	6	Mexico City	22	18			
Hong Kong	24	20	Moscow	-2	-6			
Kobe	12	8	Mountain View	12	8			
Kuala Lumpur	32	28	Mountain View	12	8			
Manila	32	28	Nairobi	22	18			
Mexico City	22	18	Rangoon	32	28			
Moscow	-2	-6	Seoul	12	8			
Mountain View	12	8	Singapore	32	28			
Mountain View	12	8	Taipei	22	18			
Nairobi	22	18	Tokyo	12	8			
Rangoon	32	28	Toronto	-2	-6			
Seoul	12	8	Winnipeg	-10	-14			
Singapore	32	28	Zurich	10	6			
Taipei	22	18						
Tokyo	12	8						
Toronto	-2	-6						
Winnipeg	-10	-14						
Zurich	10	6						

Quality flights made in Germany.

Lufthansa

German Airlines

ROLLS-ROYCE

POWER STATION CONTRACTS WORTH \$660 MILLION WON

Three major power station projects in India with a total value of \$660 million were secured last week by the Rolls-Royce Industrial Power Group. The orders all provide valuable manufacturing and project management work for Parsons Turbine Generators.

MAJOR ENGINE ORDERS FROM UPS AND BRITISH MIDLAND

United Parcel Service of the USA has selected RB211-535 engines to power their new Boeing 757 aircraft. The value of the business to Rolls-Royce is £93 million. In the UK, British Midland placed a £70 million order for Tay engines to power new Fokker 70 and Fokker 100 aircraft.

MoD PLACES £140 MILLION ORDER

A £140 million contract from the Ministry of Defence for the next generation of bridging for the Army has been won by Thompson Defence Projects - part of the Industrial Power Group. The sales potential of the bridging system is expected to be substantial.

INDUSTRIAL TRENT GAS TURBINE LAUNCHED

The industrial version of the Rolls-Royce Trent aero engine has been officially launched and a first customer announced. The Trent will be used for land-based power generation and will have the highest efficiency of any industrial gas turbine in the world.

THE SYMBOL OF POWER

ROLLS-ROYCE plc, 65 BUCKINGHAM GATE, LONDON SW1E 6AT.

27/11/93

INSIDE

**Ups and downs
at Euro Disney**

Euro Disney, the troubled leisure group, yesterday had another turbulent session on the stock market when its shares fell sharply by 18 per cent during the morning only to bounce back in the afternoon to close 8 per cent higher at the end of the day. Page 20

Australian bank to be sold

The State Bank of New South Wales, Australia's largest regional bank, is to be put up for sale next month. Page 21

Battle of the giants

Two of Hollywood's largest film studios are locked in a life and death struggle. Will it be the last picture show for Paramount Pictures or for Warner Brothers? Page 22

CAC under pressure

The CAC-40 index, which soared to record levels during the summer and early autumn, has faltered on concern about the outcome of the Gatt negotiations, the Balladur government's cautious approach to cutting interest rates and the recent spate of industrial unrest in France. Analysts believe there is uncertainty about the prospects for the market, and investors are likely to remain nervous until the Gatt issue has been resolved. Back Page

Anderson steps up Ferranti pressure
Mr Eugene Anderson, Ferranti International's chairman, stepped up pressure on the defence electronics group's shareholders urging them to be "realistic" and to accept GEC's 1p-a-share rescue bid. Mr Anderson said the Ferranti board believes that if the £11.4m GEC bid is rejected "the only practical alternative is receivership". Page 24

Mixed stock market response
Ocelltech, the emerging biotechnology company, yesterday raised £50m in a placing of shares at 250p in the largest flotation this new UK sector had yet seen. Page 24

The shares of three newcomers to the stock market met with a mixed response in first-day dealings. Page 25

Hazlewood finishes its retooling
Hazlewood Foods saw interim profits dip 5.7 per cent to £23.3m. The shares fell 7p to 141p. Mr Peter Barr, chairman of the UK food group, said the retooling of the group was largely complete. Page 25

Old Speckled Hen lifts brewer
Morland, the Thames Valley-based brewer, trebled sales of Old Speckled Hen, its leading brew, in a 20 per cent increase in profits. Mr Jasper Clutterbuck, chairman, said: "The results were achieved in the face of a particularly hostile environment both economically and climatically." Page 24

European Leisure warns investors
European Leisure, the debt-laden discotheque and snooker hall operator, has agreed a financial restructuring with its banks. Mr Clive Bastin, chairman, said failure to obtain shareholder approval would jeopardise the ability of the company to continue trading. Page 27

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Chief price changes yesterday

FRANKFURT (DM)		Paris Bourse	540 + 25
Daimler	425 + 10.5	Toll S	324.1 + 11.1
Deutsche	728 + 17	Telecom	490.5 + 9.5
Telecom	875 - 12	TOYOTA (Yen)	
Telecom	882 - 15	BMW	425 + 36
Telecom	335 - 15	Volvo	400 + 40
Telecom	510 - 40	Unio Optical	
PARIS (Frs)		Unio Optical	
Alcatel	805 + 25	Unio Optical	
Alcatel	524 + 28	Unio Optical	
Alcatel	850 + 20	Unio Optical	

NEW YORK CLOSING

NYSE (Dollars)		Starting Inds	102 + 7
NYSE	74 + 5	Paella	280 - 15
NYSE	275 + 11	Paella	280 - 15
NYSE	233 + 10	Paella	280 - 15
NYSE	159 + 5	Paella	280 - 15
NYSE	150 + 7	Paella	280 - 15
NYSE	152 + 7	Paella	280 - 15
NYSE	234 + 2	Paella	280 - 15
NYSE	216 + 45	Paella	280 - 15
NYSE	150 + 7	Paella	280 - 15
NYSE	113 + 12	Paella	280 - 15
NYSE	150 + 7	Paella	280 - 15
NYSE	150 + 7	Paella	280 - 15
NYSE	375 + 22	Paella	280 - 15

**Japan's
banks fall
sharply on
bad loan
burden**

By Robert Thomson in Tokyo

Japan's leading banks reported sharply lower profits yesterday as the level of problem loans continued to rise, forcing them to take the unusual step of writing off loan losses.

The 11 leading commercial banks reported an average fall of 22.2 per cent in pre-tax profits for the six months to September, while non-performing loans rose by an average of 9.5 per cent as property prices continued to deteriorate.

Da-ichi Kangyo Bank, the country's largest bank, suffered a 44.3 per cent fall in net profit, blaming the decline on loan write-offs of ¥144.2bn (¥1.5bn). The bank of Tokyo was the only bank to report an increase in net profit, partly a result of unusually low earnings last year.

The banks lifted their provisions for losses, which have mostly arisen from reckless property-related lending during the late 1980s, and they sold bad loans to the Co-operative Credit Purchasing Agency, established to speed up the write-offs.

By the banks' reckoning, the level of non-performing loans ranges from 1.9 per cent of total loans at Mitsubishi Bank to 5.39 per cent at Hokkaido Tokai Bank. But the institutions use a narrow definition and generally do not count the loans of affiliates.

It is widely estimated that the actual non-performing loans figure is around double the ¥9,248.4bn announced for the 11 banks yesterday. The write-offs, which totalled ¥994.8bn, are a departure from Japanese banking traditions and follow pressure from the Bank of Japan, which fears that bad loans are restricting the banks' ability to lend and slowing a recovery of the economy.

The banks have covered their loan losses through sales of equities, but the weakness of Tokyo stock prices over the past month raises the possibility that they will also be forced to book losses on securities holdings over the second half to the end of March.

Banks were confident yesterday that the worst of their bad loan troubles were over, but many of the institutions reported an increase in the proportion of property industry loans among total loans during the period. Commercial property prices are still falling in large Japanese cities.

Ms Alicia Ogawa, financials specialist at Salomon Brothers, said the banks' ability and willingness to lend was still in doubt, as their business profits were under pressure and they would find it difficult to tackle problem loans over the next year.

The finance ministry is giving the impression that nothing is wrong, and the banks are giving that impression, but their non-performing loans are still rising. It is time for a new approach by the authorities," Ms Ogawa said.

Securities trading cushions German bank from recession
Commerzbank rises 52%

By David Waller in Frankfurt

Commerzbank, the smallest of Germany's big three banks, yesterday reported a 52 per cent rise in operating profits to DM909m in the 10 months to October.

The spectacular increase, driven largely by a near doubling of profits from securities trading, is likely to be followed by large increases in profits from other German banks as they report their figures over the next two weeks.

It is likely that 1993 will be another record year for the German banking sector, showing the extent to which Germany's banking sector has remained immune to the country's deep recession, in spite of mounting credit risks.

Mr Martin Kohlhaussen, the bank's chief executive, hinted that the profits performance would be reflected in a dividend increase exceeding what would be necessary to give shareholders the benefit of this year's lowering of corporate tax rates from 38 to 30 per cent.

"We are fairly confident that this will be possible," Mr Kohlhaussen said, although no final decision had yet been taken.

His remarks raise the possibility of a payout of DM12 per share, up from DM10 last year. A DM1 increase in the dividend would compensate for the tax change.

He added that the bank would be holding a large capital raising issue "soon". He did not clarify

when, how or how much would be raised, saying that the money was necessary to bring core capital - the basis for future lending growth - from 4.6 to 5 per cent of total assets.

Earlier this year the bank held a DM500m equity rights issue and a DM300m issue of profits-sharing certificates with warrants attached.

The increase in profits was in part because of a 21 per cent cut in provisions for bad and doubtful debts to DM1.37bn, reflecting lower provisions against sovereign debt risks.

The operating result also benefited from DM225m of "other income" which reflected in part income from property sales as well as income from leased equipment.

Profits from securities trading soared from DM163m to DM475m, and buoyant fixed income, equity and derivatives markets also helped commission income rise by 26 per cent to DM1.55bn.

Profits on interest income - from mainstream lending business - rose 8.2 per cent to DM3.89bn in spite of a modest 2.1 per cent increase in total lending.

Commerzbank shares, which have outperformed the steeply rising German market by 15 per cent this year and count as the best-performing share among the big banks, rose only marginally yesterday against the trend of the market, closing 50 pfennigs higher at DM363.



Kohlhaussen: hinted at increase in dividend

Richard Lapper reports on the growth of Direct Line insurance
Next target: risky homes and drivers

The Royal Bank of Scotland, the owners of Direct Line, the UK's fastest growing insurer, yesterday issued a fresh challenge to the UK's traditional insurance market by announcing the launch of a new telephone-based insurance company for so-called "non-standard risks".

The company will sell policies to motorists and householders who currently find it difficult or expensive to obtain cover, following steep increases in premiums.

**'Many drivers are
poorly served'**

From next year, it will aim to offer cheaper insurance to an estimated 6m motorists who are classified as higher risk because of their age, or because they drive fast cars or have poor claims records.

"We are not encouraging 17-year-olds to drive Ferraris," explained Mr Peter Wood, who will be non-executive chairman of the joint venture. "But at the moment many drivers are poorly served and find it impossible to get affordable insurance. When they do find an insurer they are subject to arbitrary rate increases and poor service."

Launched in 1985, Direct Line now insures more than 1.25m of the estimated 12m motorists regarded as "standard risk". It aims to attract an additional 1m motor policyholders in the next 12 months and is also stepping up

its sales effort in the household insurance market.

Direct Line already offers household insurance to 273,000 home-owners and is keen to eat into the market share of the large, concrete companies, which sell most of their policies through building societies. Mr Wood's company is critical of household policy commission rates of up to 30 per cent and recently presented a complaint to the Office of Fair Trading.

Analysts believe the new motor insurance company will add to the pressures faced by some UK insurance companies, who mainly rely on sales through retail brokers. They have lost market share to Direct Line, Church and other "direct writers" which use a combination of mass media marketing and telephone sales to sell direct to the public.

Lloyd's syndicates and some smaller companies, which specialise in the "non-standard" market, could also be vulnerable.

Mr Steven Bird, an analyst with Smith New Court, said: "In the past the composites would have retreated to the non-standard market. They will now find Mr Wood lurking there. They have nowhere to hide."

Another analyst commented: "They have already been knocked sideways by the growth of direct writers in the motor market and had hoped to concentrate on the higher risk end of the market." A profitable non-standard market, served by spe-

cialist underwriters, has emerged in the US.

Before setting up its new venture, Direct Line visited specialist companies such as Progressive of Cleveland, Ohio. One of the UK's composite insurers, Guardian Royal Exchange, owns two specialist US subsidiaries - Globe Insurance and American Ambassador - which are expanding in some US regional markets.

The new venture would "incorporate the hallmarks of Direct Line", said Mr Wood - direct telephone sales and slick back room operations. This combination has allowed the company to reduce expenses to less than 50 per cent of those of its competitors and to offer premium rates between 5 and 15 per cent cheaper.

The new non-standard company will bring down rates, although its policies will generally offer less cover than in the standard market. "The idea is to

bring affordable insurance to people who are priced out of the market at the moment," explained Ms Jane Dickson, company secretary of Direct Line.

The marketing campaign is likely to place more emphasis on newspapers, specialist motor and other publications, rather than on television adverts. And the new venture's telesales operators - who underwrite policies with the help of sophisticated computer software - may need greater experience of the insurance industry.

The new company will hope to achieve the same high "retention rates" as Direct Line, with more than four out of five policyholders choosing to renew their policies with the company each year.

"We will stimulate the market and make it more competitive. A better way of doing business is needed," says Mr Wood.

**Strong
demand for
Rhône-
Poulenc**

By John Ridding in Paris

The privatisation issue of Rhône-Poulenc, the French chemicals and pharmaceuticals group, attracted almost 3m individual investors and was about three times over-subscribed. Mr Edmond Alphandery, the economy minister, announced yesterday.

Mr Alphandery said that the level of orders for the issue, the second in the government's privatisation campaign, demonstrated support for its plans to sell public sector companies and expand popular shareholding.

The strong demand from individual investors means that the French government will exercise a clawback option to reduce the tranche allocated to institutional investors. As a result, the number of shares for individuals will be raised from 47.5m to 52.5m.

Individual investors will also see their allocations reduced below the 60 shares which was originally set as the maximum subscription. The government will announce today how many shares will be granted to individual applicants.

The price for individual investors, which was determined through a book-building process, was set at FF146 per share, compared with the public offer price of FF135. Yesterday, Rhône-Poulenc shares closed at FF153.9.

Mr Alphandery said that the sale of the government's 43 per cent stake in Rhône-Poulenc had also seen strong demand from French and international institutional investors. Of the 26.9m shares to go to institutional investors, 36.25 per cent are for French companies, 19 per cent to US companies, and 8.5 per cent to Japanese institutional investors.

The privatisation of Rhône-Poulenc, the first industrial group to be sold as part of the government's plans to privatise 21 publicly owned groups, is the last big privatisation this year. Within the next month, Banque Paribas, a small retail bank, will be privatised through a private sale.

The FF13bn (£2.2bn) which is expected to be raised from the sale, combined with the FF28bn which was raised through the disposal of Banque Nationale de Paris last month, means that the government will achieve its target of FF46bn from privatisation proceeds this year. Winter bargains, Page 17

**Mining investment trust beats
UK record for fund launch**

By Kenneth Gooding,
Mining Correspondent

Julian Baring, manager of one of the best performing gold funds, has hit the jackpot with his latest brainchild, the Mercury World Mining Trust.

This investment company, which will put its money into a broad range of international mining and metals shares, has attracted £280m (£69m) before expenses - making it the UK's biggest ever investment trust launch.

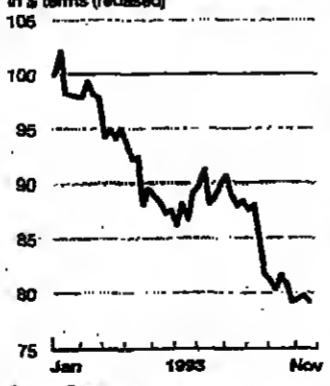
It easily outpaces the £280m raised this month by Limit (the London Insurance Market Trust), a Lloyd's corporate capital fund, and the £246m launch of the M&G Income in 1991.

Mr Baring said yesterday that in the pre-launching by merchant bank SG Warburg and broker Casanova some 175 institutions decided to buy shares in MWMT, which set out to raise a minimum of £50m.

While some big investors bid for £20m blocks, "a lot of people have given me a little". He suggested that many institutions missed having two substantial UK mining groups to invest in. They were left with only RTZ Corporation after the Hanson

Metal prices

Economist Industrial Metals Index
in 5 terms (rebased)



Source: Datastream

"I failed miserably," he said. Subsequently, as he predicted, the gold price per ounce, up and his £150m Mercury Gold and General Fund now shows a rise of 267 per cent since the launch five years ago. Mr Baring insisted that MWMT, Mercury Asset Management's first serious move into investment trusts, would not suffer from an embarrassment of riches. He said that about 80m of international mining company shares were likely to be offered to investors in the next few months.

"We certainly won't throw our money about in the mining markets to everybody else's advantage," he promised.

Base metal prices may take time to recover and he intends that MWMT will initially be biased more towards gold than other commodities.

"Gold shares are likely to behave better earlier and base metals shares should behave better later," he says.

Another £120m ordinary shares with warrants in MWMT are being offered to private investors at 100p each. There will be one warrant for every five shares.

The minimum investment will be £1,000 and the annual management charge 1.25 per cent. The offer closes on December 8.

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INTERNATIONAL COMPANIES AND FINANCE

Bayer sees 20% reduction in profits to DM2.2bn

By Christopher Parkes in Leverkusen

Bayer, the leading German chemicals group, expects profits to fall by about 20 per cent this year to DM2.2bn (\$1.3bn) and remain unchanged in 1994, according to Mr Manfred Schneider, chairman.

However, the company appears likely to hold its dividend, unlike its main domestic competitors, Hoechst and BASF, Mr Schneider hinted yesterday.

Cost-cutting measures and strong growth in north America and Asia Pacific were slowing the profits decline as the year had advanced, Mr Schneider said in a review of the first

nine months of the current year. The trend had continued into October, he added.

Restructuring and workforce cuts had generated savings of about DM750m so far this year. European sales had slumped 11 per cent, but similar proportional increases in Asia Pacific and the US had limited the decline in turnover to just 2.3 per cent. Pre-tax earnings in the review period were 19 per cent lower at DM1.8bn.

Mr Schneider attributed Bayer's relatively good figures - Hoechst and BASF recently reported nine-month falls of 40 and 44 per cent respectively, and hinted at dividend cuts - to the group's successful healthcare business.

These operations lifted sales 5 per cent in the review period to DM7bn in spite of a DM100m fall in domestic turnover attributed to health service reforms. Sales of Ciprobay and Adalat, the top-selling drugs, are expected to total about DM4bn this year.

Signalling further expansion in healthcare, Mr Schneider said the group was close to a deal which would give it an entry into the US market for generic pharmaceuticals - drugs on which patents have expired, and which are increasingly favoured because of their lower cost. Bayer had looked at five or six US companies, including Copley, the subject of an offer from Hoechst.

Further turbulence for shares in Euro Disney

By Alice Rawsthorn in Paris

Euro Disney, the troubled leisure group, yesterday had another turbulent session on the stock market when its shares fell sharply by 13 per cent during the morning only to bounce back in the afternoon to close 8 per cent higher at the end of the day.

The shares, which on Wednesday plunged by 18.8 per cent to a record low of FF27.3, were suspended several times in Paris when they breached their trading barrier to fall to a new low of FF23.7 by lunchtime.

However, the shares then rebounded to FF31 before finally closing at FF32.4.

Analysts said investors started to buy Euro Disney shares to cover their short positions on the stock. The volume of trading was even heavier than on Wednesday with 5.5m Euro Disney shares, or 3.18 per cent of its total equity, changing hands.

Until the afternoon rally Euro Disney's shares had fallen fairly steadily in the fortnight since the group disclosed an unexpectedly heavy net loss of FF8.3bn (\$898m) for the year ended September.

The stock market had been expecting a smaller net loss of about FF7bn.

The impact of the loss announcement has been aggravated by concern about the prospects for Euro Disney's emergency financial restructuring.

Euro Disney has been forced to ask Walt Disney, the US entertainment group that owns 49 per cent of its shares, for financial support until it has completed the refinancing.

The Disney camp last week opened negotiations with the 60 international banks that own Euro Disney's FF20.3bn net debt.

The recent pressure on Euro Disney's shares threatened to trap the company in a vicious cycle given that a lower share price would limit its capacity to raise capital in a rights issue.

Volvo sailing close to the wind

Hugh Carnegie looks at the twists and turns in the Renault merger deal

It took almost two tense months, but a dogged battle by Volvo to fend off what at times appeared to be an unstoppable tide of opinion against the proposed merger of its car and truck operations with France's Renault finally began to pay off yesterday.

The decision by two of its largest Swedish institutional shareholders to vote for the deal at a special shareholders' meeting on December 7 followed a period of non-stop behind-the-scenes lobbying.

The decision by two of its largest Swedish institutional shareholders to vote for the deal at a special shareholders' meeting on December 7 followed a period of non-stop behind-the-scenes lobbying.

Even after a press conference on Monday, when Volvo played its trump card of new French promises on Renault's privatisation and a virtual exemption from a subsequent state golden share, the outlook remained at best uncertain.

On Wednesday, the Fifth Fund state pension fund, Volvo's biggest Swedish shareholder.

Mr Per Larsson, the head of investor relations at Volvo, acknowledged the narrow margin of opinion.

He said what was decisive was the assurances received from Mr Edouard Balladur, the French prime minister, on his



Fehr Gyllenhammar will chair Renault-Volvo supervisory board

respected conservative daily newspaper which has been a leading critic of the merger, called again for it to be voted down.

Although the prospects for Volvo now look better, the company is still aware how close to the wind it has sailed - illustrated by the eight-six split in the benchmark decision to support the deal by the board of the Fourth Fund state pension fund, Volvo's biggest Swedish shareholder.

Mr Per Larsson, the head of investor relations at Volvo, acknowledged the narrow margin of opinion.

He said what was decisive was the assurances received from Mr Edouard Balladur, the French prime minister, on his

intention to privatise Renault by the end of 1994 and the promise not to use a golden share to dilute Volvo's 55 per cent holding in the merged company.

"When we talked to the various stakeholders, privatisation and the golden share were the two dominating concerns - and we have answered them," he said.

However, even if Volvo now achieves the solid majority in favour of the merger that looked in grave jeopardy, the shareholder revolt will continue to have repercussions for the company.

Privately, institutional shareholders are determined to play a less passive role than in the past, when they have tradi-

tionally stood back while Mr Fehr Gyllenhammar, for 22 years the chief executive or chairman of Volvo, dominated the company, diversifying it beyond cars and trucks and ultimately building the controversial alliance with Renault.

He intends to remain as non-executive chairman in the Volvo parent company from January 1, while taking on the job of chairman of the so-called supervisory board of the new Renault-Volvo.

Many shareholders would like to see him hand over full control at Volvo to Mr Sören Gyll, the widely-respected chief executive. The Fourth Fund yesterday indicated that it wanted a bigger role for shareholders in nominating the Volvo board.

"I think it would be much better for Volvo if Sören Gyll took over. I don't like the idea of Gyllenhammar being chairman of both Volvo and the new company," said one senior shareholder yesterday.

Volvo officials acknowledged that the merger issue had caused much disquiet within the company, with the white collar unions and the civil engineers coming out strongly against the move under Renault's wing.

"If the shareholders vote yes, we can't just sit back. It will cause damage if we don't have the employees with us as well," Volvo said.

FNAC plunges to FF31.9m

By Alice Rawsthorn

Pressures on the French retail sector triggered a sharp fall in profits for FNAC, the dominant force in music and books retailing, in the year to August 31. Net profits fell to FF31.9m (\$5.5m) from FF159.5m in the previous year.

FNAC has in recent months been clouded by its controversy over the decision by GMF, its troubled parent company, to sell its controlling stake to a consortium composed of Alus France, part of

the Crédit Lyonnais banking group, and Compagnie Immobilière Phénix, a property subsidiary of the Compagnie Générale des Eaux utility concern.

The uncertainty over its ownership, coupled with the strains of France's economic recession, took a toll on FNAC last year.

It faced the challenge of its first serious competitor in French cultural retailing due to the aggressive expansion in France of Virgin, the UK leisure company controlled by

Richard Branson. FNAC mustered an overall increase in turnover of 8.3 per cent to FF8.9bn from FF8.2bn, but most of this growth came from new openings.

Sales at its existing stores rose by 0.3 per cent during the year.

The group increased operating profits by 14.3 per cent to FF102.5m from FF89.9m. But it was left with an exceptional debit of FF77m having benefited from an exceptional credit of FF107.8m in the previous year.

UK insurance chief leaves bonus scheme

By John Gapper and Richard Lapper in London

Mr Peter Wood, the highest paid British company director, is to be given £24m (\$35.2m) to abandon a pay bonus scheme, which brought him £18.2m this year and has proved an embarrassment to his employer Royal Bank of Scotland.

Mr Wood gained payments, totalling £42.2m, as chief executive of Direct Line, which has become the largest UK private motor insurer. Lex, Page 18; Details, Page 26

BPB shares lifted by 60% gain at midway

By Andrew Taylor, Construction Correspondent

Shares in BPB Industries, Europe's biggest plasterboard manufacturer, rose sharply yesterday after it announced a 60 per cent increase in pre-tax profits to £44m (\$65.6m) for the six months to the end of September.

The rise follows the end of a European price war between BPB, Lafarge-Coppée of France and Knauf of Germany.

BPB's share price rose 4.5 per cent yesterday to 279p following the announcement of

higher profits and a new round of price increases in the UK, France and Germany from the beginning of next year.

Mr Alan Turner, BPB's chairman, said prices in its three main markets had risen on average by about 25 per cent since the first quarter of last year.

Plasterboard prices were planned to rise by up to 10 per cent from next year. This will still leave them below levels in the late 1990s. The price war cost the industry up to £200m a year in lost revenue. Lex, Page 16

MIM swaps zinc smelter interest

By Nikki Tait in Sydney

MIM Holdings, the Australian metals group, and Germany's Metallgesellschaft, which holds a 14.9 per cent stake in MIM, are negotiating to swap interests in two loss-making German zinc smelters which they currently own on a joint basis.

Under the restructuring plan, MIM would acquire the 50 per cent interest which the German company holds in MHD "Berzelius" Duisburg. This would give the Australian group full ownership of the Duisburg operation, which also takes in Rhine-Zink, a downstream product-manufacturing operation. The capacity at the smelter is around 100,000 tonnes.

Conversely, Metallgesellschaft would acquire MIM's 50 per cent interest in Ruhr-Zink, also achieving outright ownership. Capacity there is around 170,000 tonnes.

As a further element in the package, the German group would buy from MIM a 25 per cent stake in Metallgesellschaft Ltd, the London-based broker, age lifting its stake to around 86 per cent. MIM would continue to own about 9 per cent and have board representation.

In Brisbane, MIM said that there might be some additional cash adjustment, when the restructuring deal was finalised, hopefully by the end of 1993, but declined to give details at this stage.

French retailer considers TV home shopping

Pinaut-Printemps, heavily indebted French retail group, may enter home shopping by launching a television shopping service through La Redoute, its mail order subsidiary, writes Alice Rawsthorn.

Home shopping, which has in recent years been one of the fastest growing areas of retailing in the US, is still in its infancy in Europe. Mr Pierre Blayau, executive chairman of Pinaut-Printemps, yesterday announced that La Redoute, a leader in the French mail order catalogue market, has set up a team to assess the potential for the market in France.

NEW ISSUE

This announcement appears as a matter of record only.

November 1993



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Notice is hereby given to the holders of the outstanding Fixed Rate Notes and Floating Rate Notes (collectively, the "Notes") that, on and with effect from November 12, 1993 (the "Effective Date"), Citibank (Luxembourg) S.A. will no longer act as Principal Paying Agent and Transfer Agent with respect to the Notes. Citibank (Luxembourg) S.A., London Branch, will no longer act as Paying Agent and Transfer Agent with respect to the Notes. Citibank (Luxembourg) S.A., Luxembourg Branch, will be appointed as successor Principal Paying Agent and Transfer Agent with respect to the Notes; and Citibank (Luxembourg) S.A. will be appointed Paying Agent (and will continue to act as Transfer Agent) with respect to the Notes.

The address of the new Principal Paying Agent and Transfer Agent with respect to the Notes will be:

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State Bank of NSW to be sold off next month

By Nikki Tait in Sydney

September, down from a profit of A\$25.4m in the previous year.

The 1992-93 figure, however, came after a A\$96m abnormal charge, and the bank was keen to stress that a pre-tax operating loss in the first half turned into a profit in the second six months. Charges for bad and

doubtful debts fell to A\$140.4m from A\$152.4m, and Mr John O'Neill, managing director, claimed that "the worst is behind us in terms of problem loans".

Like most state governments, New South Wales has been seeking to reduce its bud-

get deficit and contain debt, but maintain expenditure on health and community services. Capital spending has been reined back, and the privatisation proceeds should ease financial pressures.

"The people of New South Wales do not benefit from owning a bank as much as they

However, Mr Bob Carr, the NSW opposition leader, accused the government of holding a firesale and said that the bank - which he claimed

A number of potential bidders, including Advance Bank, St George Bank and GIO Australia, have made clear that they will at least review the sale terms.

unit shares

The offer is for NZ\$345.6m

(US\$190m) in ordinary shares and notes, of which 12 per cent, or NZ\$42m, will be made available to New Zealand investors.

—

Fletcher Challenge creates forest unit shares

ping centres, to be known as the St Luke's Group. These

The St Luke's flotation will be the second biggest ever, in New Zealand after the Telecom issue in 1990.

The offer is for NZ\$345.6m (US\$190m) in ordinary shares and notes, of which 12 per cent, or NZ\$42m, will be made available to New Zealand investors.

RAND MINES LIMITED

RESULTS OF GENERAL MEETING SURRENDER OF REGISTERED SHARE CERTIFICATES FOR REPLACEMENT LODGE OF SHARE WARRANTS TO BEARER FOR ENDORSEMENT

At the general meeting of Rand Mines Limited ("Rand Mines") shareholders held on Tuesday, 23 November 1993, the special resolution for the conversion of Rand Mines' ordinary shares was duly passed. The special resolution has been registered by the Registrar of Companies in South Africa.

Accordingly, with effect from the commencement of business on Monday, 29 November 1993, each of the issued and outstanding ordinary shares of R1 each in Rand Mines will be sub-divided into 4 ordinary shares of 25 cents each.

Procedure to be followed by registered shareholders with regard to the sub-division

Registered shareholders of Rand Mines who have not already done so are requested to surrender their existing share certificates together with the surrender form (coloured green) enclosed with the Circular dated 29 October 1993, to the relevant address as indicated in the surrender form, as soon as possible, to enable the issue of new registered certificates in respect of the ordinary shares of 25 cents each resulting from the sub-division.

Procedure to be followed by holders of share warrants to bearer with regard to the sub-division

Holders of Rand Mines share warrants to bearer are requested to obtain a copy of the Circular dated 28 October 1993 from either of the following offices:

Barclays Bank PLC London EC3P 3HP	Barclays Global Securities Services Ltd P O Box 1043 Willow Grove House Windsor Road Trowbridge, Wiltshire BA14 0YT
---	---

and to surrender their share warrants to bearer for endorsement using the requisite surrender form (coloured pink) enclosed with the aforementioned circular to the relevant address as indicated in the surrender form, as soon as possible, to enable the endorsement of the share warrants to bearer to reflect the sub-division. All share warrants received on or after Monday, 29 November 1993 will be processed and the share warrants, appropriately endorsed to reflect the sub-divided ordinary shares will be posted by insured registered post at the risk of the shareholders concerned, or made available for collection, within five days of receipt.

Warrant holders in France may surrender their existing share warrants, together with the surrender form (coloured pink) contained in the Circular dated 28 October 1993 to Rand Mines' Paris agents at the following address:

Barclays Bank PLC
Cutchet Three
21 rue Lafitte
75009 Paris

However, warrant holders who surrender their existing share warrants to Rand Mines' Paris agents, will not have returned to them share warrants to bearer endorsed with the new number of ordinary shares, but will instead have the ordinary shares represented by their share warrants converted into registered shares which will reflect the new number of ordinary shares in accordance with the sub-division and such registered shares will be credited to them through their bank or broker affiliated to SICOVAM.

SICOVAM is the French central depository which provides book entry, direct payment and related services to customers of its affiliates, namely banks and brokers, who are holders of securities issued by French domestic and overseas companies.

Stock Exchange Listings

The listings of the ordinary shares of 25 cents each, resulting from the sub-division, will commence on the Johannesburg Stock Exchange and the London Stock Exchange on Monday, 29 November 1993. The existing certificates in respect of ordinary shares of R1 each will not be good for delivery for transactions effected from the commencement of business on that date.

Effect of the sub-division on the Rand Mines share price

In terms of the sub-division, with effect from Monday, 29 November 1993, each shareholder's holding of ordinary shares at the close of business on Friday, 26 November 1993 will increase by 4 times in number (eg. a holding of 100 ordinary shares of R1 each will become a holding of 400 ordinary shares of 25 cents each).

It can be expected that from the commencement of business on Monday, 29 November 1993, the market price of Rand Mines ordinary shares will adjust as a result of the sub-division to approximately one-quarter of the closing price on Friday, 26 November 1993.

Dispatch of new share certificates


Registered share certificates for the ordinary shares of 25 cents each, resulting from the sub-division, will be posted by first class mail on 29 November 1993 if surrendered certificates are received on or before 26 November 1993, or within 5 business days of receipt if received after 26 November 1993.

Non-resident shareholders

In respect of shareholders resident outside the Common Monetary Area and whose share certificates are restrictively endorsed in terms of the South African Exchange Control Regulations, the new certificates will be similarly restrictively endorsed.

26 November 1993
Johannesburg

United Kingdom Secretaries:
Vladut Corporate Services Limited
19 Charterhouse Street
LONDON EC1M 6QP



RAND MINES

Incorporated in the Republic of South Africa
(Registration number: 01/00566/06)

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Effect of the sub-division on the Rand Mines share price

In terms of the sub-division, with effect from Monday, 29 November 1993, each shareholder's holding of ordinary shares at the close of business on Friday, 26 November 1993 will increase by 4 times in number (eg. a holding of 100 ordinary shares of R1 each will become a holding of 400 ordinary shares of 25 cents each).

It can be expected that from the commencement of business on Monday, 29 November 1993, the market price of Rand Mines ordinary shares will adjust as a result of the sub-division to approximately one-quarter of the closing price on Friday, 26 November 1993.

Dispatch of new share certificates


Registered share certificates for the ordinary shares of 25 cents each, resulting from the sub-division, will be posted by first class mail on 29 November 1993 if surrendered certificates are received on or before 26 November 1993, or within 5 business days of receipt if received after 26 November 1993.

Non-resident shareholders

In respect of shareholders resident outside the Common Monetary Area and whose share certificates are restrictively endorsed in terms of the South African Exchange Control Regulations, the new certificates will be similarly restrictively endorsed.

26 November 1993
Johannesburg

United Kingdom Secretaries:
Viduct Corporate Services Limited
19 Charterhouse Street
LONDON EC1N 8QP


RAND MINES

(Incorporated in the Republic of South Africa)
(Registration number 01/00556/06)

Brazilian private sector steps up Eurobond issues

Patrick McCurry finds increasing international acceptance of paper issued from the country

Brazilian private-sector companies are increasingly looking to the Eurobond market to raise money for capital investment, taking advantage of the growing international acceptance of Brazilian paper.

Eurobond issues are also becoming more diverse. For example, Minas Gerais, part of the country's industrialised south-east region, is preparing Brazil's first Eurobond issue by a state, which will be sold with an equity warrant allowing investors to buy shares in its electricity company.

The corporate sector will issue around \$1bn in the second half of 1993, more than double the first-half figure and total Eurobond issues are expected to be more than \$5.5bn this year. Private companies will account for about 30 per cent of the market volume in the second half of this year, twice the share for last year.

Private companies are finding it easier because investors are becoming increasingly used to Brazilian paper through bonds issued by the banks and large government-controlled companies. This followed a virtual stagnation in the second half of 1992, caused by corruption allegations against former President Fernando Collor.

A higher proportion of the money is being spent on capital investment, although companies are still putting part of the funds into the high-yielding local money markets. "We're seeing more corporate issues, rather than issues by banks, and a lot of the money is going on plant and equipment," says Mr Charles Spragins, corporate affairs

director at Citibank Brasil. Despite inflation of nearly 2,000 per cent a year and an economy lacking the structural reforms carried out in Mexico, Chile and Argentina, many Brazilian companies are planning investments after restructuring and reducing costs, particularly in the capital-intensive steel and pulp industries.

Investors are willing to take on the "Brazil risk" thanks to the country's \$27bn international reserves which make central bank restrictions on repayments highly unlikely.

Historically, Brazil's economic problems have been the key to attracting investors because the world's highest interest rate spreads. Although spreads have fallen some 200 basis points this year, as Brazilian paper has become more acceptable, they are still about 100 points above Argentina and 200 points above Mexico.

Yet even at these rates it is still attractive for companies to issue Eurobonds. For a five-year bond, issuers are paying 400-500 basis points above US Treasury notes, of about 5 per cent, compared to inflation plus 16-18 percentage points in the domestic bond market.

Issuers have raised more than \$5bn this year and there are still several hundred million dollars of Brazilian issues planned by Christmas. But with an uncertain world bond market, mainly due to higher US interest rates, some companies will have to pay higher spreads, says Mr Vincent Parkin, Brazilian representative for CS First Boston. He adds, however, that after a hiatus there could be a large number of issues in the new year.

Bankers expect more equity-linked issues from companies and institutions like the National Development Bank, which has stock in more than a hundred Brazilian companies.

The Minas Gerais bond with warrant issue, to be led managed by French-owned Banque Indosuez, is expected by the end of this year or early next year and will be for up to \$500m. To pay a lower spread, the state will offer investors the option to buy shares in its electricity company Cemig at a predetermined price.

This follows Brazil's first equity warrant issue in August when Bombal, a household cleaning products manufacturer, placed \$150m of paper.

Among private-sector companies going to the Eurobond market for investment funds is Metalurgica Gerdau, a family-owned steel company, which raised \$100m in early November. The eight-year bond, with two put options at three and five years, paid a spread above the relevant US Treasury note, of 450-500 basis points. It was led managed by Citibank.

Suzano de Papel e Celulose, a pulp company with interests in the petrochemical sector, raised \$30m in October, paying a spread of 525 basis points.

Bankers say the bond market may be influenced by next year's presidential elections. They also stress the importance of progress on the Brady Plan foreign debt agreement. "The Brady Plan could be the stepping stone needed for institutions to enter the corporate market in a big way, like they did with Mexico a couple of years ago," says Mr Parkin.

Ontario returns with DM1.5bn offering

By Antonio Sharpe

The Province of Ontario lost no time in returning to the Eurobond market yesterday, now that the uncertainty surrounding

INTERNATIONAL BONDS

ing its rating had been lifted. On Wednesday, Standard & Poor's cut the long-term debt ratings of the province of Ontario and Ontario Hydro to double-A minus from double-A.

Ontario, which had been absent from the Eurobond market since early September, raised DM1.5bn through an issue of 10-year Eurobonds, its first offering in the D-Mark sector for nine years.

Canadian issuers can tap the D-Mark sector now that international sanctions against South Africa have been lifted.

They had shunned the sector while the sanctions were in force because of the German banks' links with South Africa. The timing of the issue sent a strong signal to the market that Ontario had put the downgrading behind it and would now proceed with its heavy borrowing programme.

The downgrading has unfortunately happened and we will now drive on," said Mr Ronald Otsuki, Ontario's director of capital markets. He added that he was encouraged by Moody's decision to hold Ontario's rating at Aa2.

Prior to yesterday's deal, Ontario said it expected to borrow an additional C\$2.6bn through public issues in the current fiscal year, ending March 31 1994. This would bring total fiscal 1994 borrowings to C\$11.7bn.

Yesterday's offering, the proceeds of which are likely to be

swapped back into Canadian dollars, reduces the additional borrowing to C\$1.4bn. Mr Otsuki said that if the opportunity arose, Ontario would seek to pre-fund next year's borrowing programme, of C\$9bn-C\$10bn.

He added that he had chosen the D-Mark sector because it offered the lowest-cost funds of all global markets and that the

opportunity and demand was there. The bonds will be priced today to yield 47-49 basis points over underlying German government bonds. Syndicate managers said the pricing was fair but added that had Ontario not been downgraded, the yield spread on the bonds would have been seven basis points tighter.

Elsewhere, activity was slow due to the Thanksgiving holiday in the US. Honda Motor, a well-known name in the Eurobond market, raised Y\$30bn through an issue of Eurobonds due 2001, via Nikko.

Today, Sumitomo Realty and Development plans to raise a total of Y\$30bn through three Eurobond offerings.

NEW INTERNATIONAL BOND ISSUES

Borrower	Amount	Coupon	Price	Maturity	Fee	Spread	Book runner
US DOLLARS							
China Overseas Land & Inv.	125	4 1/2%	100	Dec 2000	2.50	-	Nomura Int.
D-MARKS							
Province of Ontario	1,500	8 1/2%	101	Jan 2004	10	10	CSFB Europe/Daewoo Bk.
YEN							
Honda Motor Co. Subordinated	300	7 3/4%	100	Mar 2001	0.35%	-	Nikko Securit.
SWISS FRANCES							
CECC	150	4 1/2%	102 1/2	Dec 2003	-	-	SEC

Final terms and non-callable unless stated. The yield spread over relevant government bonds is shown in the re-offer price. Fees are shown at the re-offer price. Conversion period is 30/3/94 until 1/12/2002. Funding on 25/11/93. b) Coupon pays 3 month Libor + 50bp. c) To be priced today. Launch spread 47-49 bps from 2001/94.

Firmer tone in European prices

By Corinne Middelmann

Amid thin volume with US markets closed for Thanksgiving, European bonds firmed on fresh easing hopes after reports that the Bundesbank's vice-president said conditions in Germany may offer room for further declines in interest rates.

Mr Johann Wilhelm Gaddum was reported to have made the comments after delivering a prepared speech in Paris. Early news reports of that speech caused market confusion after a news agency incorrectly reported Mr Gaddum as saying that German money market rates would fall to 4 per cent. It later corrected the story, stating the error stemmed from incorrect simultaneous translation of the speech.

The December bond contract blipped higher after the erroneous report and shed few of the

gains when it was rectified. It finished at 99.78, up 0.21 point from Wednesday's close.

Meanwhile, more regional German inflation data indicated that German inflation is

GOVERNMENT BONDS

continuing its steady decline. According to Mr Armin Kayser, economist at Swiss Bank Corp in Frankfurt, the November data indicate a seasonally adjusted month-on-month rise of 0.2 per cent and a year-on-year rate of 3.7 per cent.

"This is the fourth consecutive month of declining inflation, and the data indicate we won't have to revise our optimistic inflation outlook," he said.

French bonds outperformed their German counterparts after the Bank of France's

weekly statement indicated that net currency reserves had risen by FF\$1.5bn in the week to November 18. That put reserves FF\$2.3bn in the black, the first positive balance since the summer of 1992.

UK gilts were buoyed by firmer German and French bonds, with the long gilt contract ending some 1/2 point higher at 113 1/2.

Prices were further supported by the drop in oil prices caused by Wednesday's Opec decision not to cut production, which was seen to improve the already positive inflation outlook and prompted buying of longer maturities, traders reported.

Spanish bonds rose only slightly and the currency was dogged by nervousness ahead of today's third-quarter jobs data and the spectre of a general strike. The long bond contract on MEFF ended 0.15 point higher at 102.44.

Italian bonds fared slightly better, lifted by strong markets elsewhere and hopes that the 1994 budget will be passed. The BTP future on LIFFE ended at 112.76, up 0.24 point.

EIB loans of Ecu516m for Portugal

By Peter Wise in Lisbon

Portugal yesterday signed agreements with the European Investment Bank for eight loans totalling Ecu516m for transport, telecommunication and energy projects.

The new loans raise EIB lending to Portugal this year to a total of Ecu1.5bn, up 20 per cent on lending in 1992.

The loans represent 2.5 per cent of Portugal's gross domestic product. Portugal thus displaces Denmark as the biggest per capita beneficiary of EIB loans, receiving 9.5 per cent of the total EIB loan budget. The EIB plans to issue up to a further Ecu500m in escudo-denominated Navigator Bonds this year to add to a previous three issues also totalling Ecu500m.

WORLD BOND PRICES

BENCHMARK GOVERNMENT BONDS	Coupon	Red. Date	Price	Day's change	Yield	Week ago	Month ago
Australia	10.000	10/02	121.0900	+0.040	6.80	6.58	6.48
Belgium	8.000	03/08	114.2000	+0.390	6.68	6.80	7.11
Canada	7.000	02/03	100.0000	+0.000	6.00	6.78	6.50
Denmark	8.000	05/03	110.7500	+0.080	6.44	6.83	6.40
France	BTAN 0AT	05/08	106.1200	+0.040	5.58	6.08	6.11
Germany	10.000	10/03	105.4800	+0.080	6.06	5.94	6.11
Italy	8.000	03/03	100.3100	+0.010	5.89	5.81	5.99
Japan	10.000	10/03	108.8200	+0.480	6.21	6.15	6.25
Netherlands	8.000	08/08	106.8500	+0.050	5.83	5.90	6.01
Spain	10.000	07/03	107.3400	+0.150	5.57	5.56	5.89
Switzerland	8.000	04/03	104.8800	+0.070	5.84	5.75	5.80
UK Gilts	10.000	10/03	112.4000	+0.200	8.88	8.48	8.47
US Treasury	8.750	01/08	115.0100	+0.020	6.12	6.20	6.20
US Treasury	5.750	08/08	108.0000	+0.000	5.67	5.67	5.42
ECU (French Govt)	8.000	04/03	111.4000	+0.700	6.34	6.26	6.41

London clearing, 11.00, Midland Holiday. Yields annual yield including holding cost at 12.5 per cent payable for non-residents. Prices US, UK in 100ths, others in 100ths.

BOND FUTURES AND OPTIONS

France	Open	Settle	Change	High	Low	Est. vol.	Open int.
Dec	123.82	123.84	+0.02	124.02	123.44	10,008	166,676
Mar	127.30	127.70	+0.40	127.78	127.24	5	45,012
Jun	128.76	127.12	-0.14	127.10	126.70	1	2,890

Germany	Open	Settle	Change	High	Low	Est. vol.	Open int.
Dec	99.82	99.89	+0.07	99.79	99.59	67,915	194,441
Mar	99.82	99.82	0.00	99.82	99.81	3,111	30,060
Jun	99.82	99.71	-0.12	99.82	99.59	21	710

UK	Open	Settle	Change	High	Low	Est. vol.	Open int.
Dec	115.05	115.18	+0.08	115.22	115.03	20,009	97,054
Mar	114.17	114.28	+0.00	114.30	114.17	5,414	51,212
Jun	114.08	114.08	0.00	-	-	-	-

Japan	Open	Settle	Change	High	Low	Est. vol.	Open int.
Dec	115.37	-	-	115.38	115.35	37	0
Mar	114.58	-	-	114.58	114.52	1,479	0

US	Open	Settle	Change	High	Low	Est. vol.	Open int.
Dec	115.19	115.11	-0.12	115.00	115.00	374,428	247,585
Mar	114.11	114.02	-0.12	114.02	114.00	24,357	73,792
Jun	114.11	112.81	-0.12	112.81	112.81	223	12,383

Other Fixed Interest	Open	Settle	Change	High	Low	Est. vol.	Open int.
Dec	115.37	-	-	115.38	115.35	37	0
Mar	114.58	-	-	114.58	114.52	1,479	0

Italy	Open	Settle	Change	High	Low	Est. vol.	Open int.
Dec	112.50	112.81	0.44	113.08	112.05	38,718	78,239
Mar	112.30	113.03	0.48	113.22	112.30	9,864	29,713
Jun	113.05	113.05	0.00	-	-	-	-

Spain	Open	Settle	Change	High	Low	Est. vol.	Open int.
Dec	102.15	102.44	+0.15	102.49	101.93	25,122	84,137
Mar	102.28	102.58	+0.13	102.60	102.18	1,882	11,089
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COMPANY NEWS: UK

Shareholders urged to be 'realistic' and accept 1p a share offer
Ferranti spells out alternative

By Paul Taylor

Mr Eugene Anderson, chairman of Ferranti International, stepped up pressure on the defence electronics group's 48,000 shareholders yesterday, urging them to be "realistic" and to accept GEC's 1p a share rescue bid.

In a lengthy letter to shareholders Mr Anderson said Ferranti's directors "understand the unhappiness" over the terms of the GEC offer to ordinary, special and preference shareholders.

However, he reiterated that the Ferranti board believes that if the £11.4m GEC bid is rejected "the only practical alternative is receivership, and we believe that no class of shareholder will receive any value from receivership."

The letter rejects many of

the claims of disgruntled individual shareholders and attempts to deal with the issues raised by the Ferranti Shareholders Support Association led by Mr John Katz.

In particular it confirms that administration, suggested by some as an alternative to receivership if the GEC bid fails, is not an option because Ferranti's banks have held a fixed and floating charge over the assets of the company for the past four years.

As a result Ferranti's 15 banks, which are owed about £100m, can block the court appointment of an administrator and insist on receivership - something Mr Anderson said they have indicated they would do.

The other issues covered in the letter include:

● Order book and installed

base. The letter says orders arising from the group's £1bn installed base are reflected in the order book which fell from £200m at the end of March to £165m at the end of September - a period when Ferranti lost £19.4m before tax.

The current order book is "not sufficient to sustain the Ferranti business and the group will have to be restructured, its cost reduced and substantial new business must be won for it to return to profitability."

● Pension Fund Surplus. Although Ferranti's annual report shows that the actuarial value of the Ferranti pension scheme is over-funded by about £100m, under inland Revenue rules, which impose more stringent actuarial assumptions, the letter says the surplus is not large enough

to allow for any repayment.

● Tax Losses. The letter claims that Ferranti's UK tax losses of £100m can only be used to offset future profits from the Ferranti businesses. They cannot be directly transferred to GEC, or be offset against GEC's existing businesses.

● Goodwill. Ferranti insists the potential value of the group lies in the experience and expertise of its remaining employees rather than in patents and trademarks. The letter also emphasises that "Ferranti is worth only what someone will pay for it in its present circumstances."

GEC has said it will not proceed with the bid unless it receives the support of shareholders controlling at least 90 per cent of the group's 1bn shares.

Larger customer base lifts SW Water

By Peggy Hollinger

A rise in the number of new customers helped South West Water, the privatised utility, to announce a 3 per cent increase in interim pre-tax profits to £50.3m.

The outcome, largely in line with expectation, was struck on sales up 30 per cent to £145.7m for the six months to September 30.

The increase in profits was due to a strong performance in the core regulated water and sewerage business, which benefited from the addition of 2,500 new customers, cost savings and price increases.

Mr Ken Hill, finance director, said the group had returned "good sound results" in the first half.

Operating profits were 32 per cent higher at £24.5m, helped by a £1m contribution from the non-core businesses.

The pre-tax return increased at a slower rate due to interest charges of £4.8m, against gains last year of £7.6m.

South West, which received a £266m downy from the government at flotation to help pay for its substantial capital expenditure programme, is expected to have gearing of between 25 per cent and 30 per cent by the year end.

The non-core business moved ahead on the back of three acquisitions.

These accounted for about half of the increase in group sales. Two of the three businesses were profitable after interest costs.

The third, Haul Waste, incurred losses of less than £1m after interest.

The interim dividend is raised by 7.7 per cent to 8.4p.

Earnings per share were 3.5 per cent higher at 38.4p.

● COMMENT

South West is about one third the way through its disproportionate large capital expenditure programme and has another £1.5bn which it must spend. Although so far it has been allowed substantially higher prices increases than its colleagues to fund the expenditure, this status may well come under pressure in next year's review. Furthermore, even though South West has been pretty acute in spotting cost cutting opportunities, these may be increasingly more difficult to achieve in future. Forecasts for full year profits of £95m give a prospective p/e of 8. The company's main attraction seems to be its yield which stands out in an otherwise dull sector.

Powell Duffryn flat at £10.3m after exceptional

By Andrew Bolger

Shares in Powell Duffryn rose by 15p to 614p after the distribution, storage and engineering group reported a strong increase in underlying profitability.

Pre-tax profits for the six months to September 30 were flat at £10.3m (£10.4m). There was an exceptional charge of £3.9m, a loss of £5.7m on the disposal of the Hamworthy hydraulics and transmissions business was partly offset by a property disposal gain.

However, operating profits rose by 40 per cent to £16.8m (£12m) on sales of £85.8m (£80.8m), including £16.3m (£21.6p) from discontinued activities.

Mr David Hubbard, chairman, said the strong trading start to the year was in part due to the recent restructuring and it belied continuing weaknesses in some of its main markets.

However, improved trading conditions seen in some parts of the group's oil distribution activities this summer should,

given reasonable winter weather conditions, augur well for the remainder of the year in fuel distribution.

Mr Hubbard said growth in the company's shares of the automotive and industrial oil markets was underpinned both by improved terms of trade and by reduced failures among road haulage customers.

However, the weak summer coal market was exacerbated by technical start-up problems in a coal contract, which held back overall progress.

Steady trading performance in the port activities against a background of patchy demand were boosted by the contribution from the minority interest in Stephenson Clarke Shipping.

Storage interests made further progress. Although results from the UK dry goods warehouses and US packaging plants were affected by lower demand, this was more than offset by improved results from the liquid storage operations in the UK and overseas, particularly Australia.

Earnings per share were 8p

(8.6p). The interim dividend is maintained at 6.6p.

● COMMENT

The positive reception given to these impressive figures confirms the re-rating enjoyed by Powell Duffryn, which has seen its shares more than double in the last 19 months. After apparently slumbering in the eighties, the group revitalised itself through buying shrewdly into the ports business and shedding less profitable activities. Gearing of about 20 per cent gives plenty of muscle to buy another large UK port and the group will continue to invest in its quality Hamworthy engineering businesses. Forecast full-year profits of £37m put the shares on a prospective multiple of 17. That is a 15 per cent premium to the market, which seems modest for a well-run group which has yet to see strong recovery in its main markets. Even a maintained dividend would still offer a premium yield and more bullish analysts think a cold winter would enable the group to lift the final payment.

Celltech to float with £176m tag

By Richard Gourlay

Celltech, the emerging bio-technology company, yesterday raised £50m in a placing of shares at 250p in the largest flotation this new UK sector has yet seen.

The size of the float was lower than the company had originally hoped for as market conditions had proved "quite challenging" and the new issue market had gone off the boil, according to Mr Peter Fellner, chief executive.

The company will have a market capitalisation at this price of £176m.

While the entire 20m share placing was underwritten by Berrings, 7m of the shares were

placed subject to clawback by the public. The closing date for applications is December 2.

Celltech will retain £27.3m after expenses while the British and Commonwealth administrator's stake after share sales falls from 38.4 per cent to 19.9 per cent.

B&C and the Prudential and Montagu Equity, which also sold shares, have agreed not to sell any more for a year.

Mr Fellner said he was pleased with level of interest and the fact that Celltech had raised what it was seeking for its R&D programme.

The management is not selling any shares and directors have said they will be applying for 29,000 in the public offer.

Just over a quarter of the issue was distributed in Switzerland by Swiss Bank Corporation, and the rest by Cazenove in the UK.

● COMMENT

While the £50m float is less than the company had hoped for, Celltech has nevertheless successfully raised what it needs for its R&D programme. A bigger float would, however, have led to a smaller overhang in the market from the stake retained by British and Commonwealth. The importance of this is diminished, however, when one considers that no investor should be looking to invest in Celltech - or any of the high risk new bio-technology drug

companies - with anything but a long-term view. If the US experience is any guide, one of the newly floated bio-tech companies is likely to succeed with super returns. And Celltech may have gone further than most in reducing the risks by securing a strong source of internally generated cash to slow the rate R&D consumes cash. But it is questionable whether investors really have a big enough choice of companies in the UK from which to construct a truly risk-reducing portfolio. Sophisticated investors might well buy Celltech, but they would be well advised to consider constructing a portfolio that included some US bio-technology stocks as well.

McLeod Russel rises to £5m

Profits of McLeod Russel, which acquired the loss-making Whewy group earlier this year, extended from £4.9m to £5.16m pre-tax for the year to end September.

The shares rose 12p to 113p. Turnover of £88.4m (£84.4m) included a six months' contribution from Whewy - the group's operations cover surface coatings, air filtration products and environmental engineering.

On an annualised basis the enlarged group's turnover for the year was in excess of £125m.

Operating profits improved by 52 per cent to £5.17m although interest of £490,000 (£1m received) reduced the pre-tax rise to 4.4 per cent.

The total dividend is lifted to 6.1p via a final of 3.3p (3.25p). Earnings emerged at 7.54p (7.46p) per share.

Mr Nigel Openshaw, chairman, said: "We have made a good start in rebuilding the former Whewy businesses to restore profitability and to make them cash generative."

FT-SE Mid 250

Now that Whitbread's offer for Whitbread Investment has become unconditional in all respects, the FT-SE Actuaries UK Indices Committee has approved that Amstrad should replace Whitbread Investment in the FT-SE Mid 250.

Waterglade cuts loss amid restructuring

Waterglade International Holdings, the property developer, reported pre-tax losses of £11.7m for the 14 months to May 31, against £18.5m for the previous 12 months.

The main factor was the lower exceptional charge of £7.06m (£13.3m) of which £4.83m (£12.2m) was a provision against the cost of development properties.

During the period the company came to an agreement with its largest bank creditor, Bank of America, which took over Waterglade's largest asset in return for extinguishing all but £1.75m of the £18m debt.

As an interim funding measure the company is issuing £500,000 of convertible unsecured loan stock 1994 of which £250,000 has been issued with

an expected further £25,000 in the near future.

It is intended to make a rights issue before the end of February next year.

Waterglade has also raised a total of £1.15m through property and other sales. In addition there was a refund of corporation tax of £1.76m which helped cash flow.

Of its holding in Seaford, the Dublin-based transport and property group, the company said it would be retained as a long term investment, although Seaford was selling its property interests. Waterglade tried to replace the Seaford board but it later withdrew.

Turnover for the 14 months was £9.59m (£24.6m). Losses per share were 56.7p (84.5p).

Aviva incurs \$0.6m third quarter loss

Aviva Petroleum, the Texas-based oil and gas company, reported a deficit for the third quarter to the end of September of \$632,000 (\$424,000), or losses of 2 cents per share.

That compared with a deficit of \$615,000 - losses of 9 cents per share - in the comparable period and brings the deficit at the nine months stage to \$976,000 (\$876m) for losses of 4 cents (\$1.65) per share.

Aviva also announced it was offering to purchase for cancellation, at 71p apiece, some 170,000 shares of the company's common stock held by owners of less than 100 shares.

Immediate priorities were acquisitions to fill excess factory capacity at the group's Oldham base, which makes coin-handling equipment, and to expand the optical and instruments businesses.

Coin Controls International accounted for 78 per cent of group sales in the six-month period and made profit before interest and tax of £1.5m (£1.2m). In the last year, Coin's sales improved by 28 per cent as it strengthened its position in UK leisure machines and US pinball machines. Combined Optical Industries, which moulds plastic optical products,

accounted for 22 per cent of group sales and made profits before interest and tax of £260,000 (£160,000).

Mr Garland said: "The group will continue to seek appropriate strategic acquisitions which will be earnings-enhancing and we have identified a number of promising opportunities, which will support the group's growth plans."

In a letter to shareholders this week, Mr Garland said efforts by Mr Guido Crolla, a Scottish businessman, and Mr Charles McDonald, a Fife director, to nominate two board members amounted to an

attempt to "secure control of the company... without making a general offer to all shareholders."

Mr Crolla and Mr McDonald, who control 10.4 per cent of the company, have requisitioned an extraordinary meeting on December 17 to unseat Mr Hepburn and fellow director Mr Michael Munro.

They propose to replace them with Mr Crolla and Mr David Chassels, of BDO Buder Hamlyn. If successful, Mr McDonald would replace Mr Hepburn as chairman.

Mr Hepburn said it was

"ironic that the board should face a challenge at this time, just when its strategies are bearing fruit." Fife had returned to profit at the interim stage.

The appointment of Mr Tim Gutteridge, former chief executive of Courtney Pope, would further strengthen the business, Mr Hepburn said.

The chairman said he was also puzzled at Mr McDonald's decision to support Mr Crolla, since he had been "at one with the board in developing those strategies and rejecting earlier approaches by Mr Crolla."

Quadramatic ahead of forecast with £1.57m

By Andrew Bolger

Quadramatic, the specialist engineering group which came to the market in July, made pre-tax profits of £1.57m in the six months to September 30, slightly above the flotation forecast of £1.45m.

The shares, floated at 123p, yesterday closed 2p higher at 161p.

Mr Tony Gartland, chairman, is a deal maker who in the eighties expanded FKI, the electrical engineering group, along with Mr Jeff Whalley. Mr Gartland said the order book was 12 per cent higher than last year's levels, and prospects remained favourable.

Turnover was £13.2m to September 30, which will become the recently formed group's year-end. Earnings per share were 5.1p and the final dividend is 1p.

Quadramatic comprised a coin-handling and optical business when it came to the market, but last month placed more shares in order to pay £1.12m for two high-technology instruments businesses.

Mr Gartland, who has promised to expand the group by acquisition, said he now had the three core areas on which he could build - coin-handling, optical and industrial instruments. His

immediate priorities were acquisitions to fill excess factory capacity at the group's Oldham base, which makes coin-handling equipment, and to expand the optical and instruments businesses.

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DIVIDENDS ANNOUNCED

	Current payment	Date of payment	Corporation tax credit	Total for year	Total for last year
AAH	81	Mar 23	6.8	-	17.3
BPG Inds	2.8	Jan 21	2.7	-	7.5
Cater Allen	8	Jan 7	7	-	27
Fulcrum Int Inv	1.4	Dec 31	1.4	-	13.07
GEI	1.4	Jan 17	2.4	-	4.94
Hedewood Foods	2.4	Jan 17	2.3	-	6.4
Macdonald Martin	2.25	Jan 7	2.2	-	0.8
McLeod Russel	8.55	Jan 14	3.25	6.1	8
Morland	8.98	Feb 14	5.98	8.74	8.4
Polly Portfolio	1.5	Jan 10	1.5	-	5.95
Powell Duffryn	6.8	Jan 7	6.6	-	22.6
Quadramatic	1	Feb 11	-	1	-
Scottish Power	4.13	Mar 11	3.72	-	11.15
Shaw & Mearns	2.24	Jan 21	2.24	-	5.95
South West Water	8.4	Apr 6	7.8	-	23.7
Tomkins	8	Feb 17	8	11.5	11.5

Dividends shown per share net except where otherwise stated. 10p increased capital. 3p second interim; makes 2.8p to date. 7p for 18 months

Strong start to the year

Results for half year ended 30th September

	1993	1992
Profit before exceptional items and tax	£14.2m	£9.4m
Exceptional (costs)/profits	(£3.9m)	£1.0m
Profit before tax	£10.3m	£10.4m
Earnings per share	8.0p	9.8p
Earnings per share - "normalised"	13.9p	9.1p

- Trading results show benefits of corporate restructuring
- Balance sheet strength maintained
- Interim dividend maintained at 6.6p

"The Board's longer term development plans continue to make good progress."

David Hubbard



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FUEL DISTRIBUTION • SHIPPING AND STORAGE • ENGINEERING

PAKISTAN TELECOMMUNICATION CORPORATION

TENDER NOTICE

Sealed bids are invited from manufacturers of repute or their authorised agents for supply, supervision and commissioning into service of SDH Fibre Optic System between Peshawar-Karachi (alternate route) as per Pak Telecom specifications.

Any clarification required by the bidders may be asked for in writing. Letters seeking clarifications should reach this office 15 days prior to the date of opening of bids.

Bid documents can be purchased from this office on payment of US \$ 100.00.

Last date of receipt of tenders is 20th January, 1994 by 1000 hours. Tenders will be opened publicly the same day at 1030 hours in the Siddiqui Auditorium, Pak Telecom Headquarters, Islamabad.

The competent authority reserves the right to reject any or all bids without assigning any reason.

Divisional Engineer (Purchase - II)

Pakistan Telecommunications Corporation, G-6/4, Islamabad-44000, Pakistan. Tel: (92+51) 855923 Fax: (92+51) 856828 Telex: 5823

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BTR plc

(Registered in England No. 57410)

ISSUE OF 105,416,231 WARRANTS 1998 TO SUBSCRIBE FOR ORDINARY SHARES OF 25p IN THE COMPANY

The Company has made a free issue of Warrants in the proportion of one Warrant for every 33 BTR Shares held. The Warrant issue has been made to existing shareholders in respect of their registered holding on 30 September, 1993 and also in respect of new BTR Shares issued as a result of shareholders electing for the Enhanced Scrip Dividend Alternative and on the exercise on 18 October, 1993 of the subscription rights attaching to Warrants 1992/93 and Warrants 1993/94.

Each Warrant entitles the holder to subscribe for one new BTR Share at a subscription price of 40p (subject to adjustment). The subscription rights may be exercised during the two-day periods in 1998 which start one day after the despatch of the interim results and of the Annual Report and Accounts.

The Warrants are in registered form.

The London Stock Exchange has agreed to admit the Warrants to the Official List and such admission will become effective and dealings will commence on 26 November, 1993.

Copies of the circular to shareholders dated 8 October 1993 containing inter alia details of the Warrants may be obtained during normal business hours on any weekday (Saturdays excepted) up to and including 30 November, 1993, for collection only, from the Company Announcements Office of the London Stock Exchange and up to and including 10 December, 1993 from:

BTR plc,
Silverdown House,
Vincent Square,
London SW1P 2PL

Cazenove & Co.,
12, Tokenhouse Yard,
London EC2R 7AN

26 November, 1993

Hazlewood lower after exceptional

By Peter Pearce

A £2.3m exceptional write-off from the sale of a Dutch subsidiary caused pre-tax profits at Hazlewood Foods to dip 5.7 per cent to £28.3m in the six months to October 2. The shares fell 7p to 141p.

Stripping out the effects of June's £14.2 sale of Lufjck, profits grew to £25.6m (£24.7m). Turnover rose 11 per cent to £403.9m (£364.8m) and gross profits advanced 6 per cent to £28.1m (£26.9m).

Mr Peter Barr, chairman, said that the refocusing of the group was largely complete. With the past few years' heavy investment now in place, the board's next challenges were to promote "volume-led" organic growth, and increase productivity levels, using the now under-utilised capacity in many of its upgraded plants.

He said that the drive for organic growth meant having "a coherent strategy" which could not affect the long-term view.

The slippage in group margins, from 8.3 to 7.3 per cent, was in part due to commissioning and general restructuring costs of about £1m in the half, especially in convenience foods and ready meals.

Restrictions by supermarket chains, which were rejecting higher prices while demanding no loss of quality, also contributed.

Another aim was to exploit the immaturity of the European market in added value foods, principally in the ready meals and convenience foods sectors. This type of food product accounted for more than

half group sales for the first time and the proportion is set to increase.

By division, grocery and non-food lifted operating profits to £8.1m (£7.4m), on lower turnover of £78m (£80.2m).

Frozen foods' profits at £11.2m (£11m) were held back by Hatzfish which was down at £1m (£1.5m) and ready meals which were flat at £5m (£5m). Shellfish were up at £5.2m (£4.5m).

Reduced profits of £4.7m (£5m) in convenience foods meant that profits at fresh foods slipped to £10.9m (£11.1m), though produce rose to £3.5m from £3.1m.

Earnings per share fell to 6.34p (7.86p). The interim dividend is lifted to 2.4p (2.3p).

COMMENT

Since September the food industry has come under the retailers' cost and it is unfortunate that Hazlewood's reff has come on stream in a period of pricing uncertainty. Some might say that the management could have started the investment earlier, in a stable price environment. And there is a feeling that in its drive for higher volumes, the group might be a little too amenable to the retailers' as yet unworkable price demands. That said, there is plenty of scope for productivity gains and, using the Dutch manufacturing and distribution operations, continental Europe seems ripe for the taking. With between £52.5m and £58m pencilled in for the current year, against last year's £55m, the p/s hovers round the mid-8s. The shares look cheap, though the wary market will want to see the group deliver.

Mixed response for market newcomers

By David Blackwell

The shares of three newcomers to the stock market met with a mixed response in first-day dealings yesterday.

Shares of Lilliput Group, the Cumbria-based manufacturer of hand-painted miniature china cottages, closed 10p down on the 155p offer price. The company placed a total of 12.04m ordinary shares with institutional and other investors, of which 4.2m were subject to a clawback to meet retail demand. In the event retail investors and employees took up only 24.7 per cent, or just over 1m shares.

The flotation raised £16.3m for existing shareholders, and £2.43m net of expenses for the company, of which £1.47m will be used to redeem preference and deferred shares. In contrast, shares of Baberold, the roofing subsidiary spun off by Tarmac, closed at 163p, a premium of 13p. At the 150p flotation price, the company was valued at about £72m.

More than 30m shares - 65

per cent of the issue - were placed firm with institutions. The balance of 16.5m shares was 2.1 times subscribed. The issue raised £66.8m for existing shareholders, principally subsidiaries of Tarmac, and £2m for the company.

Shares of the third newcomer, Biogen, closed 10p down on the 155p offer price. The company placed a total of 12.04m ordinary shares with institutional and other investors, of which 4.2m were subject to a clawback to meet retail demand. In the event retail investors and employees took up only 24.7 per cent, or just over 1m shares.

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More than 30m shares - 65

Slimmer Unigroup £4.41m in the black

Unigroup, the building materials group, yesterday reported a pre-tax profit of £4.41m for the 15-month period to September 30.

The outcome included interest payable of £1.36m, offset by interest receivable and similar income of £318,000. A further £381,000 was written off.

The profits were wholly attributable to discontinued activities, which contributed £5.47m. However, these were diminished by losses of £1.36m from continuing activities.

The net proceeds from the disposal amounted to about

£14m, giving a significant boost to the balance sheet - net tangible asset value per share rose to 38p, against 72p in 1992.

Turnover totalled £38.5m. Earnings per share were 8.5p. In the 12 months to end-June 1992 Unigroup incurred a pre-tax loss of £794,000 on turnover of £17.8m.

Losses per share were reported as 2.3p. Following the disposal of the timber products arm, the group consists of two divisional activities: building products and air movement operations.

Faced with a very tricky balancing ACT

Maggie Urry on some problems facing the chancellor in his Budget next week

When Mr Kenneth Clarke stands up next Tuesday to deliver his first budget, companies will be straining to hear what he plans to do about surplus advance corporation tax and the foreign income dividend scheme proposed by his predecessor in March.

The FID scheme was initially enthusiastically received, and welcomed publicly by the 100 Group of Finance Directors, but has found some critics. Says one finance director, "I would like it to go ahead and I think we would like to implement it. It's not perfect, but half a loaf..."

A corporate tax expert agrees, although he thinks the FID scheme hangs in the balance. "I sincerely hope it does go ahead. But in a manner that is practical and effective."

However, the depth of feeling is illustrated by one finance director of a Footsie company who not only refuses to be named speaking on the subject, but insists that no comment he makes should be traceable to him or his company.

"It is a very divisive subject," he explains, saying that it has pitted company against company, and shareholder against shareholder. Some even hope, he says, that the

scheme will be dropped altogether.

Further, the debate is intricately entwined with the question of whether pension funds will be taxed, itself a fraught topic. Under the proposed FID scheme, pension funds would lose their tax credit on dividends, cutting their income.

That could have serious knock-on effects. Lower income would cut pension funds' values. All companies, not just those with a surplus ACT problem, could find that rather than a surplus on their pension fund they have a deficit. That would mean the end of contributions holidays, depressing profits, in turn lowering the tax take and possibly squeezing dividends.

Companies may be pressured by tax-exempt shareholders to make up the loss of their tax credits through higher dividends, so gains made by avoiding ACT would be lost through increased pay-outs. Any which did not make up the dividend shortfall could see their share prices fall, further reducing pension fund valuations.

The anonymous finance director admits to the unpopular view: "I wouldn't mind if pension funds were taxed. Our scheme is generously funded."

Under the existing tax

regime, companies pay ACT on dividends and can then offset that against their mainstream corporation tax bill. Tax-exempt investors, such as pension funds, can reclaim the tax on the dividend, while tax-paying shareholders are treated as having already paid basic rate tax on the dividend.

Companies suffer if they have too small a UK mainstream tax liability against which the ACT can be offset, in which case they end up pay-

ing surplus ACT, raising their tax charge. There are two main reasons why this happens.

A company which derives most or all of its profits from the UK, but pays higher dividends than it can afford, will be hit. This is usually considered a cyclical problem, for instance where a company does not cut its dividend when profits fall, and is expected to lessen when profits recover after the recession.

More serious is the case of

companies with a structural problem - those which earn a high proportion of their profits overseas. They cannot offset ACT against their overseas tax bills, and pay insufficient UK tax to use up their ACT.

The March budget did two things. First, Mr Norman Lamont cut the ACT rate from 25 per cent to 20 per cent over two years, in an attempt to reduce the amount of surplus ACT. While this appeared helpful, and gave a cashflow benefit to companies, it soon became apparent that it would actually increase the government's tax take.

The second was Mr Lamont's proposal of the FID scheme. Essentially this would allow companies to pay dividends free of ACT out of their foreign income. The scheme was detailed in an Inland Revenue consultative document.

It is this scheme which Mr Clarke is expected to elaborate on in the budget, and perhaps put into effect in the new year.

The Inland Revenue is understood to have received numerous negative comments about the scheme. It is a complicated system, and has many restrictions which companies feel will constrain its use. Critics even suggest that since the FID scheme will cut the government's tax take, the Treas-

ury would actually prefer companies not to use it.

The FID scheme involves a company paying ACT as normal, but identifying which dividends it regards as being paid out of foreign income and reclaiming any surplus ACT on those after proving the dividend was paid from foreign profits. It cannot use foreign income from earlier or later years.

As well as the many technical concerns about the scheme, the main bone of contention is the question of tax credits. Any dividend paid as a FID would not entitle a tax-exempt shareholder to reclaim tax. It would make no difference to a tax-paying shareholder.

Thus one class of shareholders would benefit from a company paying FIDs - because the company would save surplus tax - but another class would lose.

Under the scheme, companies cannot "stream" dividends, directing FIDs towards tax payers and tax-credit bearing dividends to pension funds.

One leading accounting firm described this rule as "tundily harsh" in its submission on the scheme to the Inland Revenue.

Companies are in danger of upsetting one or other class of

shareholder whatever they do. "It drives a wedge between the two types of shareholder," says a finance director, "and puts the directors in a very nasty position. FIDs take away one problem but they leave another which is almost worse."

The Revenue is unlikely to heed calls from some finance directors and tax experts to abolish ACT altogether. One suggestion is that ACT be removed but corporation tax payments brought forward from the current due date of nine months after the year end. That would give the government a substantial one-off cashflow benefit in a year when it needs every penny it can raise.

The same problem of lost tax credits would arise for tax-exempt investors and hence for companies' pension funding costs. But, proponents argue, the government could in return lessen the tax burden for all companies, which would be fairer than the current system which penalises some through surplus ACT.

Whatever Mr Clarke does on Tuesday, it looks certain that he will offend some companies and some shareholders. Companies, fearing they will have to alienate some shareholders, may have little sympathy for him.

"Our performance demonstrates our commitment to improving customer service, increasing efficiency and developing our businesses."

Murray Stuart
CHAIRMAN

Building on our Strengths

INTERIM RESULTS FOR SIX MONTHS TO 30 SEPTEMBER 1993

CHAIRMAN'S STATEMENT

I am pleased to report that we have continued to build on our strengths, both financially and operationally. For the six months to 30 September 1993, pre-tax profit was £115.7 million, an increase of 21.5% on last year's £95.2 million. However, last year included an exceptional net charge of £13.3 million and, excluding this, the year on year pre-tax increase is 6.6%. In a period when the majority of our revenues have been capped by particularly low inflation, this is a good outcome.

Earnings per share rose 27% to 10.78p and your Board has declared an interim dividend of 4.13p per share, which will be paid on 11 March 1994, to shareholders registered on 11 February 1994. This represents an interim dividend increase of 11%.

Gearing on 30 September was very low, at 2.3%, with net borrowing of £20 million. Dividend and taxation payments of approximately £160 million in the second half of the year will increase net debt by the year end. We continue to reduce costs and achieve greater efficiency. This is an ongoing process and we are working to demanding international benchmarks to achieve higher standards.

A new five year supply agreement with British Coal will make our fuel costs more competitive. This is effective from 1 April 1993, replacing our

previous agreement which had two years to run, and the initial cost benefits are reflected in our half year figures.

We have accepted the revised price control proposed for our transmission business by The Office of Electricity Regulation (OFFER). By keeping our price increases to 1% below the rate of inflation, the Director General has recognised our already low operating costs. OFFER has set us a challenging target to reduce costs in the future and we believe that we can achieve this.

The upgraded transmission link to England and Wales, completed within budget at a gross cost of £85 million and ahead of schedule in September, has increased our ability to sell power outside Scotland by almost 75% from 1994/1995. Profitability in the first half of the current year improved because of higher prices in the English wholesale market although there are signs that this market shows modest weakening in price.

Our gas business, Caledonian Gas, has continued to win new customers and we are actively pressing for the Government to allow all gas consumers to enjoy the benefits of competition by 1998, the same timetable as full competition for all electricity customers. The retail business has performed strongly and increased profitability,

at the same time growing total market share.

Customer service remains one of our highest priorities and we are delighted and proud that our achievements have been recognised by two major awards. We have received the prestigious Government Charter Mark, which measures standards, information and openness, choice and consultation, courtesy and helpfulness, putting things right and value for money.

We also received The Electrical Review Customer Care Award; our commitment to elderly and disabled customers was highlighted by the South of Scotland Consumer's Committee and we have met 99.9% of performance standards set by OFFER. Our performance during the first six months of the year demonstrates our commitment to improving customer service, increasing efficiency and developing our businesses.

Trading since September has continued in line with our expectations and we look forward to making further sustained progress in the full year.

Murray Stuart
Chairman

25 November 1993

GROUP PROFIT AND LOSS ACCOUNT

Unaudited	Six months ended 30 September 1993	Six months ended 30 September 1992 (Restated)	Year ended 31 March 1993 (Restated)
Note	£m	£m	£m
2			
Turnover from continuing operations	2	668.7	644.8
Operating Profit	2	118.6	99.4
Net interest charge		(2.9)	(5.0)
Net premium charge on loan redemptions	3		(10.4)
Profit on ordinary activities before taxation	4	115.7	95.2
Taxation		(27.0)	(26.0)
Profit for the period		87.9	69.2
Dividends		(33.7)	(30.3)
Retained Profit	5	54.2	38.9
Earnings per Share	6	10.78p	8.49p
Dividend per Share	7	4.13p	3.72p
Dividend cover (Times)		2.61	2.28

The accounts have been modified to reflect the requirements of Financial Reporting Standard 3 (FRS3). Accordingly, operating profit for the six months ended 30 September 1992 and for the year ended 31 March 1993 is now stated after net exceptional charges of £13.3 million, which last year were separately disclosed in the Profit and Loss Account. Details are given in Note 2. The figures for the six months ended 30 September 1992 have also been restated on a Group basis to be consistent with the presentation adopted at 31 March 1993.

GROUP BALANCE SHEET

Unaudited	30 September 1993	30 September 1992 (Restated)	31 March 1993
Note	£m	£m	£m
Fixed assets	1221.1	1115.5	1175.6
Current assets	358.3	492.5	325.0
Current liabilities	(390.4)	(381.7)	(348.0)
Net current assets/(liabilities)	(32.1)	110.8	(23.0)
Total assets less current liabilities	1189.0	1226.3	1152.6
Current liabilities falling due after more than one year	(142.0)	(294.0)	(142.0)
Provisions for liabilities and charges	(49.1)	(95.4)	(73.9)
Deferred income	(143.8)	(133.2)	(137.0)
Net assets	854.1	709.7	799.7
Capital and reserves			
Called up share capital	407.5	407.5	407.5
Share premium account	0.4	-	0.2
Reserves	0.2	0.1	0.1
Profit and loss account	446.0	302.1	391.8
Shareholders' Funds	854.1	709.7	799.7
Minority interest	-	-	0.1
	854.1	709.7	799.7
Gearing ratio	9	2.3%	1.1%

NOTES 1. These interim results have been prepared on the basis of accounting policies consistent with those set out in the company's Directors' Report and Accounts for the year ended 31 March 1993. The information shown for the year ended 31 March 1993 does not constitute statutory accounts within the meaning of section 240 of the Companies Act 1985 and has been extracted from the full financial statements for the year ended 31 March 1993 filed with the Registrar of Companies. The report of the Auditors on these financial statements was unqualified.

2. Turnover from continuing operations for the periods ended 30 September 1992 and 31 March 1993 includes exceptional income of £3.7 million in respect of a re-assessment of energy losses in the transmission and distribution network. Operating profits for the periods ended 30 September 1992 and 31 March 1993 are stated after charging provisions for reorganisation and restructuring of the company's operations totalling £23 million. These sums were last year separately disclosed in the Profit and Loss Account. Details are given in Note 2. The figures for the six months ended 30 September 1992 have also been restated on a Group basis to be consistent with the presentation adopted at 31 March 1993.

3. On 15 December 1992 the group repurchased a £142 million 11.85% bond due in 2005 from HM Treasury at a premium of £18.4 million. The net premium charge on loan redemptions for the year ended 31 March 1993 reflects that payment less £8 million in respect of the write back of the unamortised balance of discount from earlier loan redemptions.

4. The charge for taxation reflects the anticipated effective rate for the year ending 31 March 1994 of 24% on the profit before taxation.

5. Retained profit for the period represents recognised gains and losses as defined by FRS3.

6. The earnings per share have been calculated by dividing the profit on ordinary activities after taxation of £87.9 million (1992 - £69.2 million) by 815,022,692, being the weighted average number of ordinary shares in issue and ranking for dividend during the period (1992 - 814,805,578).

7. The interim dividend of 4.13p (net) per ordinary share (1992 - 3.72p) is payable on 11 March 1994 to shareholders on the register at 11 February 1994.



ScottishPower

A copy of the ScottishPower Interim Report, containing full information on the company's results for the six months to 30 September 1993 can be obtained from Mr Andrew Mitchell, Company Secretary, ScottishPower plc, 1 Atlantic Quay, Glasgow G2 8SP. Telephone 041 248 8200. Fax 041 636 4582.

FULCRUM INVESTMENT TRUST PLC.			
	8 months ended 31 October 1993	8 months ended 31 October 1992	
Revenue after Tax	£497,487	£463,727	
Dividends per Income Share	2.80p	2.80p	
Net Assets per Valuation	£20,510,828	£14,778,873	
Net Asset Value per			
Zero Dividend	117.04p	105.41p	
Preference Share	2.46p	1.88p	
Income Share	63.24p	34.04p	

MAUNBY

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COMPANY NEWS: UK

Michael Smith reports on developments at three electricity industry companies

Scottish Power tops £115m

Scottish Power, the vertically integrated electricity company, increased pre-tax profits from £95.2m to £115.7m in the half year to September 30; the underlying increase, however, adjusted for an exceptional charge last time, was 6.6 per cent.

The interim dividend is raised to 4.13p (3.72p) on earnings per share up 27 per cent to 10.78p (8.49p).

Mr Ian Preston, chief executive, said that as part of the strategy of increasing efficiency the company had reduced the workforce to 7,610, against 9,500 at privatisation two and a half years ago. There were further staffing reductions to come, he added.

Gearing at the period-end was 3.3 per cent, with net borrowings at £20m, but the company expects that by the year end borrowings will rise to equal last year's £38m, when gearing amounted to 11 per cent.

Mr Preston said improved profitability in the first

half reflected higher prices in the English wholesale market.

The upgraded transmission link to England and Wales, completed ahead of schedule and within budget, would increase the company's ability to sell power outside Scotland by 75 per cent from 1994-95.

The retail operation was ahead of this stage in 1992. The company has opened its 100th store and is increasing market share.

The company yesterday announced the appointment of Mr Ian Russell, director of financial control at Tomkins, as finance director.

COMMENT

Scottish Power has effected a significant recovery since its disappointing stock market introduction two and a half years ago and these results demonstrate why. It appears to be one of the few power companies to be making a success of retailing and its contracting arm made profits, if only min-



Ian Preston: retail operation is ahead of this stage in 1992

mal, this half. The company was yesterday making the most of the reinforced interconnector with England which will enable it to export the equivalent of a third of its Scottish sales. But what most pleases the City is the stick-to-basics approach through which, for example, it has eschewed foreign ventures of the type being pursued by National Power and PowerGen. The company is expected to

make £38m to £39m pre-tax for the full year and pay out about 12.4p in dividends. At that level the prospective yield on the shares, down 2½p to 408½p, is 3.8 per cent. That is below the sector average signifying City approval. However, the shares may suffer if the regulator lifts the cloud over the English generators by deciding against referring them to the Monopolies and Mergers Commission.

National Power moves into Portugal

A consortium led by National Power, the electricity generator, yesterday completed the purchase of the 600MW Pego coal-fired power station in Portugal from Electricidade de Portugal.

The completion represents National Power's second foray overseas and follows a £100m (£107m) acquisition in the US.

The company has said it expects to invest £1bn abroad by the end of the century as market opportunities in the UK diminish. In Portugal the company is investing about £40m initially. It will own 45 per cent of the Tejo Energia consortium which will own the 2100m station.

The other shareholders are Endesa of Spain (35 per cent) and Electricité de France (10 per cent). EDP retains 10 per cent of the station which is about 100 miles north-east of Lisbon on the Tagus River.

Following completion of the deal Tejo Energia entered into a 25-year power purchase agreement. The first 15 years cover an exclusive supply from Pego to EDP.

For the remaining 10 years there is an option to sell the output to third parties "at no increased risk to the consortium".

National Power said performance tests had been completed on the plant's first 300MW generating unit. It is now operational and providing revenue.

The second unit will continue to be constructed by EDP and will be completed by 1995.

Royal Bank shares rise on Direct Line advance

By John Gapper, Banking Editor

Direct Line, the Royal Bank of Scotland's private insurance subsidiary, became the largest private motor insurer in the UK in the year to September 30, while more than tripling pre-tax profits to £50.2m, against £15.1m.

Gross premium income was almost doubled at £409.5m (£213.2m). It doubled the number of active private motor policies to 1.25m (670,000) and said it had set a target of writing 1m new motor policies in the coming year.

Total assets grew to £567.3m (£304.3m) while shareholders' funds rose by £86.3m to £168m.

The capital increase included an additional £53m injected by Royal Bank in addition to the

£120m injected since Direct Line was founded.

The company achieved more modest growth in household insurance, increasing policies to 273,000 (206,000). It has developed new risk profiles and is now selling household policies as fast as motor policies two years ago.

Mr Peter Wood, chief executive, said it could undercut competitors because it had had a 10.3 per cent ratio of expenses to premium income for motor policies, compared with an estimated industry average of 27 per cent.

Mr Wood said that Direct Line had experienced "truly an outstanding and satisfying year". He said the results showed that critics were incorrect to assert that lower pricing of insurance policies would lead to poorer service.

The number of staff rose to 1,873 at the year end from 1,688. The company opened a new office in Birmingham, and expanded in Glasgow. A fifth regional office is due to be opened in Leeds by the end of this year.

A Direct Line Financial Services arm was launched in the first half of the year, offering personal loans and mortgages among other products. Its results are to be consolidated in Royal Bank's figures which will be released next week.

Mr Wood said there was no conflict between the financial services operation and other Royal Bank operations because there was only a 5 per cent overlap between the two sets of customers, and this figure was "getting less".

Royal Bank shares closed 22p up at 375p.

Shanks & McEwan hit by setback in waste services

By Peggy Hollinger

Shares in Shanks & McEwan fell 22 per cent yesterday as the waste management group revealed significantly lower than expected pre-tax profits for the first half.

The shares dropped 22p to 98p following a 42 per cent drop in pre-tax profits to £9.35m. Turnover fell by 19 per cent to £63.2m. Analysts had been looking for profits of about £15m.

Shanks also warned of a £2m charge to restructure the waste, environmental, and energy divisions. The company said it planned to cut between 90 and 100 jobs from the senior and middle management levels as a result of integrating the three divisions.

Mr Gordon Waddell, chairman, said the rationalisation would result in cost savings of about £5m next year.

He said first half profits had been hit by a sharp decline in the higher margin waste services business and the increased costs of meeting regulation requirements.

Many customers were reducing the amount of waste produced for various reasons, said Mr Waddell, including the effects of recession on trading and a general move to avoid producing unwanted materials.

The worst performer was environmental services, which includes the Rechem company purchased in 1990. Operating profits fell by 29 per cent to £4.58m, on sales 3 per cent lower at £19.8m. Waste services operating profits were £5.58m (£5.19m), on sales of £24.1m.

Energy services moved up from near-break-even to contribute £746,000, with sales of £4.3m (£2.18m). The profits line was also affected by losses in the construction business, for which Shanks took a £19.3m restructuring and bad debt charge last year. This division incurred a pre-tax loss of £2m. The company said it had recovered £1.7m of the £17m in bad debts for which it had provided.

None of this had been written back.

The interim dividend is held at 2.24p, payable from earnings

per share down from 6.5p to 3.5p.

COMMENT

While bad news was widely expected on the construction side, few thought to see such a sharp downturn in volume and margins in the core waste services division. Although the decline appears to have stabilised in the second half, questions remain over the extent to which some business has disappeared for good. Many sizeable customers, such as chemical companies, have been reducing or disposing of waste themselves. On the brighter side, Shanks still boasts good margins and should benefit from cost cutting. As one of the largest waste disposal companies, it is also well placed to benefit from licensing regulations set to begin next year. For those holding the shares at the moment, the yield of 7 per cent may look attractive. Otherwise, the play is on recovery, which still looks to be some way away. Forecasts were pulled back from £26m to £16m for a prospective p/e of about 8.

Cost cuts boost National Grid

National Grid, the operator of the England and Wales electricity transmission system, benefited from cost cutting to increase pre-tax profits by 9 per cent to £285.3m in the half year to September 30, against £261.6m.

The company also revealed yesterday that Nuclear Electric, the state-owned generator, had increased its market share from 21.4 to 24.9 per cent, a more significant improvement than had been expected.

Nuclear Electric will use its share gain, made mainly at the expense of National Power, to argue for privatisation in the forthcoming nuclear review.

Mr David Jefferies, National Grid chairman, said the rapid changes in the generation market emphasised the need for his

company to have flexible control systems. This was being helped through the opening this year of a new national control centre which employed £22m of software. The system could be operated more remotely and the six satellite centres had already been reduced to four.

National Grid's profits improvement was achieved on turnover ahead 3 per cent from £566m to £587m.

The company declared an interim dividend of £46m, or £220 per ordinary share - a 9.5 per cent increase - for the 12 regional electricity companies which own it.

Mr John Uttley, finance director, said National Grid aimed to pay about a third of dividends at the half year stage.

He said the profits improvement was

achieved in spite of tighter regulatory controls on prices and reflected cost reductions more than anything else. The workforce was now 5,100, an 11 per cent reduction on last year.

Mr Jefferies said the aim was to reduce manpower to 4,750 by the year-end and 4,250 by the end of March 1995.

Transmission operating profits rose from £248.1m to £261.6m but the generation/interconnection business suffered a fall from £32.7m to £18.6m.

The fall was partly the result of a less favourable contract from April with Electricité de France. Mr Uttley said generation/interconnection would probably be down at the full year but less so than the half year results suggested.

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FIRST LOCATE THE FACTS. THEN LOCATE IN BRITAIN.

Thirst for Old Speckled Hen lifts Morland to £9.1m

By Philip Rawstorne

Morland, the Thames Valley-based brewer, trebled sales of Old Speckled Hen, its leading beer brand, in recording a near-20 per cent increase in full year pre-tax profits from £7.62m to £9.12m.

"The results were achieved in the face of a particularly hostile environment both economically and climatically," said Mr Jasper Clutterbuck, chairman.

"Technically, we are told, the recession has ended. There is little indication of that in our market place."

Earnings per share improved 16 per cent to 30.3p (26.1p) and final dividend of 8.80p increases the total in line with earnings growth to 9.74p (8.4p).

Mr Clutterbuck said the figures, quoted on a pre-FRS 3 basis, gave "a far better measure of the true performance of the company". Under the new accounting standard, pre-tax profits for the year to September 30 rose 21 per cent, from £5.58m to £6.87m; earnings per share were 76 per cent higher at 29.1p (16.5p).

Operating profit, before exceptional, rose from £3.82m to £11.5m on turnover ahead 24 per cent at £90.9m.

Old Speckled Hen's growth

came mainly from trading agreements with national and regional brewers and increasing distribution in the take-home trade, but direct sales to independent pubs were also 14 per cent higher. "It can now claim to be a national brand," said Mr Clutterbuck.

Overall, Morland's ale volume rose 28 per cent and, with contract brewing for Courage, boosted production at the company's Abingdon brewery by 60 per cent.

Two new ales, after successful test marketing, are to be launched in the new year. The retail division, comprising 75 managed outlets in the estate of 365 pubs, maintained margins and raised profits 18 per cent. Food now accounts for 26 per cent of turnover. Meals sold through the 11 Artist's Fares catering pubs increased 47 per cent to 450,000.

Morland's tenanted pubs, which contribute 47 per cent of group profits, "traded respectably during a particularly difficult time," said Mr Clutterbuck. The 72 pubs bought from Intreprenor Estates last year have been integrated into the estate and are cash positive.

Capital expenditure

Macdonald Martin 20% lower at £2.16m

By Philip Rawstorne

Macdonald Martin Distilleries, the maker of Glenmorangie malt whisky, reported a 20 per cent decline in first half pre-tax profits, from £2.69m to £2.16m.

Excluding the extra costs of reducing production at the company's two distilleries, profits would have been 3 per cent ahead - "a satisfactory result in the current economic and whisky industry climate," said Mr Neil McKerron, managing director.

"While it is difficult to forecast with certainty, we expect a slightly stronger second half performance," he added.

Earnings per A share fell from 13.06p to 10.46p but the dividend is lifted from 2.3p to 2.26p.

Turnover in the six months

to September 30 rose from £11.5m to £13.1m. In the UK volume sales of single malt were marginally lower and an increase in own label business was offset by reduced sales of other blends.

UK profits fell under the impact of competitive pricing in blends and increased marketing expenditure for Glenmorangie.

Overseas profits improved, however. Sales of Glenmorangie and Glen Moray malts were 20 per cent higher, helped by the resumption of shipments to the US after over-stocking in that market last year. Sales of bulk blends also increased.

Trading contracts within the industry remained highly competitive and profits from the business declined slightly in spite of increased turnover.

Cater Allen buoyed by discount house side

By Paul Taylor

A particularly strong performance by its discount house business helped Cater Allen Holdings, the financial services group, report a 36 per cent increase in interim profits.

The pre-tax line for the six months to October 31 increased to £9.35m (£7.35m), while an abnormally low tax charge, reflecting a £1m exceptional tax credit, resulted in a 45 per cent increase in attributable profits to £7.48m (£5.16m).

Earnings per share jumped from 21p to 31p and an increased interim dividend of 8p (7p) is declared.

The profits advance was led by the discount house, the second biggest in the City, which reported an 88 per cent increase in pre-tax profits to £4.87m (£2.59m). The performance mainly reflected better trading opportunities in gilt edged securities. Money market operations made a "satisfactory contribution" during a period when there were no base rate movements.

The stock lending and financial futures businesses also thrived. Low interest rates inevitably reduced the return on capital, although this was more than offset by higher volumes. As a result profits from stock lending expanded to £3.78m (£3.09m) while financial futures broking generated £440,000 (£302,000).

In Jersey, lower profits from banking operations were almost offset by growth in the trust and investment management businesses and by "a sparkling result" from the stockbroking subsidiary in its first period of ownership. Overall Jersey profits slipped to £1.91m (£2.11m).

The loss in the group's Lloyd's agencies widened from £338,000 to £1.12m, "slightly greater than expected at this stage", but included a number of special items.

English & Overseas

English & Overseas Properties has received acceptances for 32m ordinary shares (90.6 per cent) of its recent rights issue.

The balance has been sold in the market.

Financial restructuring will enable company to continue trading

European Leisure in the black

By David Blackwell

European Leisure, the debt-laden discotheque and snooker hall operator, has agreed a financial restructuring with its banking syndicate.

Mr Clive Bastin, chairman, warned yesterday that failure to obtain shareholder approval for the proposals would seriously jeopardise the ability of the company to continue trading.

The group also announced a return to the black for the year to the end of June. Pre-tax profits of £221,000 were struck on turnover of £68.4m, compared with a previous loss of £54.9m on turnover of £75.1m.

Existing bank facilities of £79m are almost fully utilised. Under the restructuring the banks, led by Barclays, would convert £20m of the debt into new ordinary and preference shares. The remaining £59m would be put on a four-year term, with £3m of interest rolled up into a convertible loan note over three years.

At the same time convertible unsecured loan stock worth £1.6m would be converted into new ordinary shares, along with 26m convertible preference shares.

In addition an open offer of 175m new ordinary shares would be made to all existing shareholders at 1p. Yesterday the shares closed at 34p.

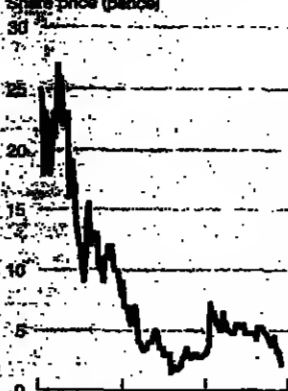
After the completion of the plan in four years there would be 1.65m ordinary shares in issue. The banks would own between 64 and 71 per cent of the company, depending on the take-up of the open offer.

If the open offer were not taken up, existing shareholders would have 9.9 per cent of the share capital, preference shareholders 9.5 per cent and convertible unsecured loan stock holders 4.8 per cent. Management share option schemes account for the remaining 4.8 per cent.

Under the plan, starting at the year end would have been 101 per cent, compared with an actual level of 218 per cent.

European Leisure

Share price (pence)



Source: FT Graphicals

The proposals will be put to shareholders on December 21 in Dublin. About 30 per cent of the company is now held by Irish institutions.

European Leisure, which runs the Hippodrome in Leicester Square and the Camden Palace, ran into trouble in the

late 1980s following rapid expansion through acquisitions.

Mr Michael Ward, former chairman and chief executive, and two former directors, Mr Jeremy Howarth and Mr George Hendry, were charged in October with conspiracy to defraud, conspiring to create a false market in the company's shares, and theft.

Mr Ian Rock, chief executive since 1991, said yesterday that the group had virtually completed its withdrawal from continental Europe and sold its non-performing UK units.

Mr Bastin said the group now had a good core business "but clearly we are in the survival business still".

The group operates discotheques and pubs aimed at the youth market, owns the Riley snooker clubs, and designs and manufactures Mayday amusement arcade machines.

Operating profits were £8.43m, up from a previous £7.66m. Losses per share were 1.21p (34.57p).

SB in drug swap with Recordati of Italy

By Paul Abrahams

SmithKline Beecham has revealed its first-ever product swap.

The Anglo-American healthcare group is exchanging co-marketing rights for two of its medicines for development and marketing rights for a drug from Recordati, Italy's eighth-largest drug group.

SB is licensing in a series of alpha-receptor antagonists being developed by Recordati, including REC 15-2739 which is in early stage development of benign prostatic hyperplasia, a common condition in men over 50. The group will have exclusive worldwide marketing rights, except in Italy, Spain, Japan, and either France or Italy.

In exchange, Recordati will co-market two compounds in Italy and Spain. These are epristeride, another compound for BPH, and ropivacaine, a treatment for Parkinson's disease. Both are in late stage development. In addition, Recordati will receive milestone payments during REC 15-2739's development and will manufacture the drug.

The market for treatments for BPH is emerging rapidly. Last month, Abbott Laboratories received approval from the US Food and Drug Administration for its drug Hytrin. It will compete directly with Merck's Proscar. Other companies with BPH compounds marketed or in development include Pfizer of the US, Synthelabo of France, and Yamanouchi and Ono of Japan.

Abbott believes that of the 30m men aged over 50 in the US, 10m suffer urinary problems due to BPH. Some analysts believe the potential worldwide market for BPH drugs could reach \$10bn (£6.7bn) a year.

Mr Jean-Pierre Garnier, SB's executive vice-president pharmaceuticals, said: "We see these compounds as being complementary to epristeride and an important addition to SB's developing urology portfolio." Epristeride is a 5-alpha-reductase inhibitor and from a different class of drugs from Recordati's medicine.

Recordati is also preparing an alliance in oral healthcare with a Scandinavian company.

GEI's fall to £131,000 hits share price

Sharply lower profits from its processing machinery side left GEI International, the steel and machinery manufacturer, with pre-tax profits of £131,000 for the six months to September 30, against £1.03m.

The interim dividend is passed. There was a 2.47p payment last time. The shares lost 15p to 70p.

Mr Michael Blackburn, chairman, blamed the processing machinery side for the decline in a lack of orders from the pharmaceutical industry and the fact that it had a particularly good result last time.

Packaging machinery profits were slightly down and losses at special steels were cut.

Mr Blackburn said severe pressure remained on margins but orders were now at the same level as last year.

Turnover was £37.6m (£38.2m). Earnings per share came out at 0.21p (1.31p).

Healthcare side behind rise to £19.1m at AAH

By Catherine Milton

AAH, the diversified distribution company, lifted pre-tax profits to £19.1m for the six months to September 30, against £17.5m, in spite of lower trading profits in two small divisions.

Turnover improved to £773.1m (£679.7m).

The board declared an interim dividend of 6p (5.8p) and blamed difficulties in the divisions for a drop in earnings per share from 15.4p to 14.7p.

The reduction in the performance of our environmental and distribution services divisions, and the absorption of reorganisation costs, have inevitably dampened earnings performance in the first half," said Mr John Padovan, chairman.

He added: "I see a continued solid performance and growth through expansion and otherwise in our health division.

The two divisions which have not performed so well this year are likely to return to substantial profitability in the future."

The company's healthcare business, its largest division, lifted trading profits to £16.6m (£13.9m) on sales up to £542.7m (£564.2).

Retail sales were £46.4m (£22m). Over the period AAH acquired 24 new retail pharmacies at a cost of £5.6m, bringing the total to 235. A further 11 had been acquired since the year end.

Environmental services contributed £2.4m (£3m) to trading profits on sales of £38.4m (£34.7m) as wet weather and a reorganisation compounded

the deleterious effect of a weak market.

Distribution services, into which the consumer products division is now being integrated, contributed £900,000 (£1.3m) to trading profits on sales of £46.2m (£37.6m).

The replacement for a contract had been delayed and another incurred a significant loss.

Average net debt was £59.8m (£62m) and gearing rose to 37 per cent. Interest payments were £2.5m (£2.2m). Net cash flow from operating activities was negative at £4.7m compared with an inflow of £16m last time.

The company said the difference was partly related to timing but that the working capital in the pharmaceuticals division had increased.

NEWS DIGEST

J Foster cuts loss to £921,000

John Foster & Son, the worsted textile manufacturer, turned its pre-tax losses from £1.9m to £921,000 for the half year to August 31. Turnover on continuing operations was lower at £338m, against £10m.

During the period management continued to slim down the business and further asset sales, including properties, were planned in the second half.

The number of employees now totalled 300 compared with 590 at this time last year and by the year end this should have stabilised at about 230.

The company warned, however, that demand from traditional merchant customers, particularly in Europe and Japan, was not good, while there were a lot of cheap sellers about, particularly from Italy.

Losses per share were 8.4p (16.9p).

Tomkinsons ends year at £1.13m

Continuing its improving trend, Tomkinsons, the yarn and carpet group, reported a 7.8 per cent improvement from £1.05m to £1.13m in pre-tax profits for the year to October 2.

The advance was achieved on turnover up from £19.7m to £20.5m, with exports growing by 24 per cent to £1.7m.

Mr Lowry Maclean, chairman, said the advance had been achieved in the face of increasingly tough competition. The increase in exports and in the group's main Mr Tomkinson branded business were particularly pleasing, he added.

Earnings per share improved to 12.2p (10.3p) and a same again final of 8p is proposed to maintain the total at 11.5p.

Policy Portfolio advances 16%

Policy Portfolio, the market-maker in second hand endowment policies which joined the main market in July, yesterday reported a 16 per cent rise in pre-tax profits from £370,000 to £429,000 in the six months to September 30.

Turnover grew to £5.31m (£3.66m) and included £306,000 of policies purchased on "arms length" terms by certain

directors and their families. Expenses more than doubled to £431,000 (£213,000) as a result of employing more staff - particularly in the sourcing department - and higher marketing costs, to pave the way for future expansion.

Earnings per share fell from 4.5p to 4.3p. An interim dividend of 1.5p is declared.

Sterling Industries down at £1.69m

Sterling Industries, the engineering group with a 9.7 per cent stake in Caledonia Investments, saw pre-tax profits dip from £1.88m to £1.69m for the half year to September 30.

Earnings per share rose from 4.37p to 4.62p and the interim dividend is lifted from 1.5p to 1.8p.

Turnover was down from £18.5m to £18.3m.

Amber Industrial improves to £2.43m

Amber Industrial Holdings, the manufacturer and distributor of specialty chemicals, reported pre-tax profits ahead from £1.47m to £2.43m for the six months to September 30.

The outcome was boosted by a profit of £724,000 on the sale of Causeway Steel Products and was achieved on turnover up from £9.48m to £11.2m.

Earnings per share rose to 42.5p (20p), or 24p (20p) adjusted. The interim dividend is increased to 8p (5.5p).

Warnford Invs dips to £3.47m

Warnford Investments, the property investment group, saw profits before tax dip to £3.47m in the six months to June 24.

The outcome, which compared with profits of £3.67m last time, came from gross rent and service charges of £5.79m (£6m).

After tax and minorities, earnings per share emerged at 6.01p (5.35p). The interim dividend is maintained at 2.75p.

Rise at Leveraged Opportunity Trust

Leveraged Opportunity Trust lifted net asset value per share by 28 per cent, from 59.3p to 127.4p, over the 12 months to September 30.

The company, managed by JO Hambro, reported a net deficit of £77,000 (profits of £10,000), resulting in losses of 1.02p (earnings of 0.13p) per share.

Tay Homes calls for £10.2m via rights

Tay Homes, the Leeds-based housebuilder, is seeking to raise £10.2m net via a 1-for-3 rights issue to strengthen its balance sheet and provide finance for continued expansion.

Up to 7.3m new ordinary shares are to be issued at 145p apiece. The shares slipped 4p to 170p yesterday.

Mr Trevor Spencer, chairman, together with Mr Norman Stubbs, deputy chairman and chief executive, are subscribing in aggregate for 1.48m new shares, 20.2 per cent of the issue.

The balance is underwritten by Kleinwort Benson Securities, who are also brokers to the issue.

Tay's last cash call was in 1987. Since then the number of units sold per year has risen from 540 to 1,107. The land-bank has grown from plots available for 2,000 units to plots for some 4,950 units.

Following an autumn period, which was not significantly different from the previous year, unit sales together with sales reservations by mid-November had increased by more than 10 per cent.

The directors said the 1993-94 results "should be positively affected by a continuation of the current reduction in selling and promotional costs per unit, a lower proportion of sales from slower-selling and low margin sites and the fact that the group will be selling from a larger number of sites."

Profits for 1992-93 fell from £4.8m to £3.1m pre-tax on sales of £88.6m (£72.4m).

Merivale Moore property deals

Merivale Moore, the property company, is selling £7.5m of commercial property interests and is acquiring two commercial property portfolios for £12.75m.

The disposals will mean a loss of just £65,000 a year in rental income, the company said, mainly involving the sale of Sovereign House, Cambridge. The other disposal is of a land holding in Oxfordshire and both will be completed next March.

The acquisitions will add £1.47m in rental income in a full year.



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1976	-	-
1977	9.5	2.5
1978	9.4	-2.8
1979	-	-
1980	9.6	2.1
1981	9.9	1.2
1982	9.7	-1.1
1983	9.3	6.3
1984	9.1	16.9
1985	8.7	8.1
1986	8.5	16.1
1987	8.8	-2.8
1988	8.6	26.9
1989	8.2	4.2
1990	-	-
1991	8.7	19.3
1992	8.7	14.0
1993	8.7	1.3
1994	8.2	-4.6
1995	8.4	2.3
1996	8.6	-
1997	8.6	-
1998	8.6	-
1999	8.6	-
2000	8.6	-
2001	8.6	-
2002	8.6	-
2003	8.6	-
2004	8.6	-
2005	8.6	-
2006	8.6	-
2007	8.6	-
2008	8.6	-
2009	8.6	-
2010	8.6	-
2011	8.6	-
2012	8.6	-
2013	8.6	-
2014	8.6	-
2015	8.6	-
2016	8.6	-
2017	8.6	-
2018	8.6	-
2019	8.6	-
2020	8.6	-
2021	8.6	-
2022	8.6	-
2023	8.6	-
2024	8.6	-
2025	8.6	-
2026	8.6	-
2027	8.6	-
2028	8.6	-
2029	8.6	-
2030	8.6	-

20	1.4	19.0	8.9
25	1.5	20.0	9.2
30	1.6	21.0	9.5
35	1.7	22.0	9.8
40	1.8	23.0	10.1
45	1.9	24.0	10.4
50	2.0	25.0	10.7
55	2.1	26.0	11.0
60	2.2	27.0	11.3
65	2.3	28.0	11.6
70	2.4	29.0	11.9
75	2.5	30.0	12.2
80	2.6	31.0	12.5
85	2.7	32.0	12.8
90	2.8	33.0	13.1
95	2.9	34.0	13.4
100	3.0	35.0	13.7
105	3.1	36.0	14.0
110	3.2	37.0	14.3
115	3.3	38.0	14.6
120	3.4	39.0	14.9
125	3.5	40.0	15.2
130	3.6	41.0	15.5
135	3.7	42.0	15.8
140	3.8	43.0	16.1
145	3.9	44.0	16.4
150	4.0	45.0	16.7
155	4.1	46.0	17.0
160	4.2	47.0	17.3
165	4.3	48.0	17.6
170	4.4	49.0	17.9
175	4.5	50.0	18.2
180	4.6	51.0	18.5
185	4.7	52.0	18.8
190	4.8	53.0	19.1
195	4.9	54.0	19.4
200	5.0	55.0	19.7
205	5.1	56.0	20.0
210	5.2	57.0	20.3
215	5.3	58.0	20.6
220	5.4	59.0	20.9
225	5.5	60.0	21.2
230	5.6	61.0	21.5
235	5.7	62.0	21.8
240	5.8	63.0	22.1
245	5.9	64.0	22.4
250	6.0	65.0	22.7
255	6.1	66.0	23.0
260	6.2	67.0	23.3
265	6.3	68.0	23.6
270	6.4	69.0	23.9
275	6.5	70.0	24.2
280	6.6	71.0	24.5
285	6.7	72.0	24.8
290	6.8	73.0	25.1
295	6.9	74.0	25.4
300	7.0	75.0	25.7
305	7.1	76.0	26.0
310	7.2	77.0	26.3
315	7.3	78.0	26.6
320	7.4	79.0	26.9
325	7.5	80.0	27.2
330	7.6	81.0	27.5
335	7.7	82.0	27.8
340	7.8	83.0	28.1
345	7.9	84.0	28.4
350	8.0	85.0	28.7
355	8.1	86.0	29.0
360	8.2	87.0	29.3
365	8.3	88.0	29.6
370	8.4	89.0	29.9
375	8.5	90.0	30.2
380	8.6	91.0	30.5
385	8.7	92.0	30.8
390	8.8	93.0	31.1
395	8.9	94.0	31.4
400	9.0	95.0	31.7
405	9.1	96.0	32.0
410	9.2	97.0	32.3
415	9.3	98.0	32.6
420	9.4	99.0	32.9
425	9.5	100.0	33.2
430	9.6	101.0	33.5
435	9.7	102.0	33.8
440	9.8	103.0	34.1
445	9.9	104.0	34.4
450	10.0	105.0	34.7
455	10.1	106.0	35.0
460	10.2	107.0	35.3
465	10.3	108.0	35.6
470	10.4	109.0	35.9
475	10.5	110.0	36.2
480	10.6	111.0	36.5
485	10.7	112.0	36.8
490	10.8	113.0	37.1
495	10.9	114.0	37.4
500	11.0	115.0	37.7
505	11.1	116.0	38.0
510	11.2	117.0	38.3
515	11.3	118.0	38.6
520	11.4	119.0	38.9
525	11.5	120.0	39.2
530	11.6	121.0	39.5
535	11.7	122.0	39.8
540	11.8	123.0	40.1
545	11.9	124.0	40.4
550	12.0	125.0	40.7
555	12.1	126.0	41.0
560	12.2	127.0	41.3
565	12.3	128.0	41.6
570	12.4	129.0	41.9
575	12.5	130.0	42.2
580	12.6	131.0	42.5
585	12.7	132.0	42.8
590	12.8	133.0	43.1
595	12.9	134.0	43.4
600	13.0	135.0	43.7
605	13.1	136.0	44.0
610	13.2	137.0	44.3
615	13.3	138.0	44.6
620	13.4	139.0	44.9
625	13.5	140.0	45.2
630	13.6	141.0	45.5
635	13.7	142.0	45.8
640	13.8	143.0	46.1
645	13.9	144.0	46.4
650	14.0	145.0	46.7
655	14.1	146.0	47.0
660	14.2	147.0	47.3
665	14.3	148.0	47.6
670	14.4	149.0	47.9
675	14.5	150.0	48.2
680	14.6	151.0	48.5
685	14.7	152.0	48.8
690	14.8	153.0	49.1
695	14.9	154.0	49.4
700	15.0	155.0	49.7
705	15.1	156.0	50.0
710	15.2	157.0	50.3
715	15.3	158.0	50.6
720	15.4	159.0	50.9
725	15.5	160.0	51.2
730	15.6	161.0	51.5
735	15.7	162.0	51.8
740	15.8	163.0	52.1
745	15.9	164.0	52.4
750	16.0	165.0	52.7
755	16.1	166.0	53.0
760	16.2	167.0	53.3
765	16.3	168.0	53.6
770	16.4	169.0	53.9
775	16.5	170.0	54.2
780	16.6	171.0	54.5
785	16.7	172.0	54.8
790	16.8	173.0	55.1
795	16.9	174.0	55.4
800	17.0	175.0	55.7
805	17.1	176.0	56.0
810	17.2	177.0	56.3
815	17.3	178.0	56.6
820	17.4	179.0	56.9
825	17.5	180.0	57.2
830	17.6	181.0	57.5
835	17.7	182.0	57.8
840	17.8	183.0	58.1
845	17.9	184.0	58.4
850	18.0	185.0	58.7
855	18.1	186.0	59.0
860	18.2	187.0	59.3
865	18.3	188.0	59.6
870	18.4	189.0	59.9
875	18.5	190.0	60.2
880	18.6	191.0	60.5
885	18.7	192.0	60.8
890	18.8	193.0	61.1
895	18.9	194.0	61.4
900	19.0	195.0	61.7
905	19.1	196.0	62.0
910	19.2	197.0	62.3
915	19.3	198.0	62.6
920	19.4	199.0	62.9
925	19.5	200.0	63.2
930	19.6	201.0	63.5
935	19.7	202.0	63.8
940	19.8	203.0	64.1
945	19.9	204.0	64.4
950	20.0	205.0	64.7
955	20.1	206.0	65.0
960	20.2	207.0	65.3
965	20.3	208.0	65.6
970	20.4	209.0	65.9
975	20.5	210.0	66.2
980	20.6	211.0	66.5
985	20.7	212.0	66.8
990	20.8	213.0	67.1
995	20.9	214.0	67.4
1000	21.0	215.0	67.7

LONDON SHARE SERVICE

INVESTMENT TRUSTS - Cont.

Stock	Price	1993	1992	1991	1990	1989	1988	1987	1986	1985	1984	1983	1982	1981	1980	1979	1978	1977	1976	1975	1974	1973	1972	1971	1970	1969	1968	1967	1966	1965	1964	1963	1962	1961	1960	1959	1958	1957	1956	1955	1954	1953	1952	1951	1950	1949	1948	1947	1946	1945	1944	1943	1942	1941	1940	1939	1938	1937	1936	1935	1934	1933	1932	1931	1930	1929	1928	1927	1926	1925	1924	1923	1922	1921	1920	1919	1918	1917	1916	1915	1914	1913	1912	1911	1910	1909	1908	1907	1906	1905	1904	1903	1902	1901	1900	1899	1898	1897	1896	1895	1894	1893	1892	1891	1890	1889	1888	1887	1886	1885	1884	1883	1882	1881	1880	1879	1878	1877	1876	1875	1874	1873	1872	1871	1870	1869	1868	1867	1866	1865	1864	1863	1862	1861	1860	1859	1858	1857	1856	1855	1854	1853	1852	1851	1850	1849	1848	1847	1846	1845	1844	1843	1842	1841	1840	1839	1838	1837	1836	1835	1834	1833	1832	1831	1830	1829	1828	1827	1826	1825	1824	1823	1822	1821	1820	1819	1818	1817	1816	1815	1814	1813	1812	1811	1810	1809	1808	1807	1806	1805	1804	1803	1802	1801	1800	1799	1798	1797	1796	1795	1794	1793	1792	1791	1790	1789	1788	1787	1786	1785	1784	1783	1782	1781	1780	1779	1778	1777	1776	1775	1774	1773	1772	1771	1770	1769	1768	1767	1766	1765	1764	1763	1762	1761	1760	1759	1758	1757	1756	1755	1754	1753	1752	1751	1750	1749	1748	1747	1746	1745	1744	1743	1742	1741	1740	1739	1738	1737	1736	1735	1734	1733	1732	1731	1730	1729	1728	1727	1726	1725	1724	1723	1722	1721	1720	1719	1718	1717	1716	1715	1714	1713	1712	1711	1710	1709	1708	1707	1706	1705	1704	1703	1702	1701	1700	1699	1698	1697	1696	1695	1694	1693	1692	1691	1690	1689	1688	1687	1686	1685	1684	1683	1682	1681	1680	1679	1678	1677	1676	1675	1674	1673	1672	1671	1670	1669	1668	1667	1666	1665	1664	1663	1662	1661	1660	1659	1658	1657	1656	1655	1654	1653	1652	1651	1650	1649	1648	1647	1646	1645	1644	1643	1642	1641	1640	1639	1638	1637	1636	1635	1634	1633	1632	1631	1630	1629	1628	1627	1626	1625	1624	1623	1622	1621	1620	1619	1618	1617	1616	1615	1614	1613	1612	1611	1610	1609	1608	1607	1606	1605	1604	1603	1602	1601	1600	1599	1598	1597	1596	1595	1594	1593	1592	1591	1590	1589	1588	1587	1586	1585	1584	1583	1582	1581	1580	1579	1578	1577	1576	1575	1574	1573	1572	1571	1570	1569	1568	1567	1566	1565	1564	1563	1562	1561	1560	1559	1558	1557	1556	1555	1554	1553	1552	1551	1550	1549	1548	1547	1546	1545	1544	1543	1542	1541	1540	1539	1538	1537	1536	1535	1534	1533	1532	1531	1530	1529	1528	1527	1526	1525	1524	1523	1522	1521	1520	1519	1518	1517	1516	1515	1514	1513	1512	1511	1510	1509	1508	1507	1506	1505	1504	1503	1502	1501	1500	1499	1498	1497	1496	1495	1494	1493	1492	1491	1490	1489	1488	1487	1486	1485	1484	1483	1482	1481	1480	1479	1478	1477	1476	1475	1474	1473	1472	1471	1470	1469	1468	1467	1466	1465	1464	1463	1462	1461	1460	1459	1458	1457	1456	1455	1454	1453	1452	1451	1450	1449	1448	1447	1446	1445	1444	1443	1442	1441	1440	1439	1438	1437	1436	1435	1434	1433	1432	1431	1430	1429	1428	1427	1426	1425	1424	1423	1422	1421	1420	1419	1418	1417	1416	1415	1414	1413	1412	1411	1410	1409	1408	1407	1406	1405	1404	1403	1402	1401	1400	1399	1398	1397	1396	1395	1394	1393	1392	1391	1390	1389	1388	1387	1386	1385	1384	1383	1382	1381	1380	1379	1378	1377	1376	1375	1374	1373	1372	1371	1370	1369	1368	1367	1366	1365	1364	1363	1362	1361	1360	1359	1358	1357	1356	1355	1354	1353	1352	1351	1350	1349	1348	1347	1346	1345	1344	1343	1342	1341	1340	1339	1338	1337	1336	1335	1334	1333	1332	1331	1330	1329	1328	1327	1326	1325	1324	1323	1322	1321	1320	1319	1318	1317	1316	1315	1314	1313	1312	1311	1310	1309	1308	1307	1306	1305	1304	1303	1302	1301	1300	1299	1298	1297	1296	1295	1294	1293	1292	1291	1290	1289	1288	1287	1286	1285	1284	1283	1282	1281	1280	1279	1278	1277	1276	1275	1274	1273	1272	1271	1270	1269	1268	1267	1266	1265	1264	1263	1262	1261	1260	1259	1258	1257	1256	1255	1254	1253	1252	1251	1250	1249	1248	1247	1246	1245	1244	1243	1242	1241	1240	1239	1238	1237	1236	1235	1234	1233	1232	1231	1230	1229	1228	1227	1226	1225	1224	1223	1222	1221	1220	1219	1218	1217	1216	1215	1214	1213	1212	1211	1210	1209	1208	1207	1206	1205	1204	1203	1202	1201	1200	1199	1198	1197	1196	1195	1194	1193	1192	1191	1190	1189	1188	1187	1186	1185	1184	1183	1182	1181	1180	1179	1178	1177	1176	1175	1174	1173	1172	1171	1170	1169	1168	1167	1166	1165	1164	1163	1162	1161	1160	1159	1158	1157	1156	1155	1154	1153	1152	1151	1150	1149	1148	1147	1146	1145	1144	1143	1142	1141	1140	1139	1138	1137	1136	1135	1134	1133	1132	1131	1130	1129	1128	1127	1126	1125	1124	1123	1122	1121	1120	1119	1118	1117	1116	1115	1114	1113	1112	1111	1110	1109	1108	1107	1106	1105	1104	1103	1102	1101	1100	1099	1098	1097	1096	1095	1094	1093	1092	1091	1090	1089	1088	1087	1086	1085	1084	1083	1082	1081	1080	1079	1078	1077	1076	1075	1074	1073	1072	1071	1070	1069	1068	1067	1066	1065	1064	1063	1062	1061	1060	1059	1058	1057	1056	1055	1054	1053	1052	1051	1050	1049	1048	1047	1046	1045	1044	1043	1042	1041	1040	1039	1038	1037	1036	1035	1034	1033	1032	1031	1030	1029	1028	1027	1026	1025	1024	1023	1022	1021	1020	1019	1018	1017	1016	1015	1014	1013	1012	1011	1010	1009	1008	1007	1006	1005	1004	1003	1002	1001	1000	999	998	997	996	995	994	993	992	991	990	989	988	987	986	985	984	983	982	981	980	979	978	977	976	975	974	973	972	971	970	969	968	967	966	965	964	963	962	961	960	959	958	957	956	955	954	953	952	951	950	949	948	947	946	945	944	943	942	941	940	939	938	937	936	935	934	933	932	931	930	929	928	927	926	925	924	923	922	921	920	919	918	917	916	915	914	913	912	911	910	909	908	907	906	905	904	903	902	901	900	899	898	897	896	895	894	893	892	891	890	889	888	887	886	885	884	883	882	881	880	879	878	877	876	875	874	873	872	871	870	869	868	867	866	865	864	863	862	861	860	859	858	857	856	855	854	853	852	851	850	849	848	847	846	845	844	843	842	841	840	839	838	837	836	835	834	833	832	831	830	829	828	827	826	825	824	823	822	821	820	819	818	817	816	815	814	813	812	811	810	809	808	807	806	805	804	803	802	801	800	799	798	797	796	795	794	793	792	791	790	789	788	787	786	785	784	783	782	781	780	779	778	777	776	775	774	773	772	771	770	769	768	767	766	765	764	763	762	761	760	759	758	757	756	755	754	753	752	751	750	749	748	747	746	745	744	743	742	741	740	739	738	737	736	735	734	733	732	731	730	729	728	727	726	725	724	723	722	721	720	719	718	717	716	715	714	713	712	711	710	709	708	707	706	705	704	703	702	701	700	699	698	697	696	695	694	693	692	691	690	689	688	687	686	685	684	683	682	681	680	679	678	677	676	675	674	673	672	671	670	669	668	667	666	665	664	663	662	661	660	659	658	657	656	655	654	653	652	651	650	649	648	647	646	645	644	643	642	641	640	639	638	637	636	635	634	633	632	631	630	629	628	627	626	625	624	623	622	621	620	619	618	617	616	615	614	613	612	611	610	609	608	607	606	605	604	603	602	601	600	599	598	597	596	595	594</
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Guide to pricing of Authorised Unit Trusts
Compiled with the assistance of Lauro SS

INITIAL CHARGE: Charge made on sale of units, used to defray marketing and other costs. The charge is included in the price of the units. The charge is usually 5% of the net asset value of the units.

OFFER PRICE: Also called issue price. The price at which units are offered to investors. The price is usually 100% of the net asset value of the units.

RED PRICE: Also called redemption price. The price at which units are sold back to investors. The price is usually 100% of the net asset value of the units.

CANCELLATION PRICE: The amount payable to investors when they cancel their subscription to a unit trust. The cancellation price is usually 100% of the net asset value of the units.

FORWARD PRICING: The price of units is set at the price to be paid for the units at the time of the next valuation. The price is usually 100% of the net asset value of the units.

SCHEME PARTICULARS AND REPORTS: The most important documents for investors. They contain details of the unit trust's investments, performance, and other information. They are available from the unit trust manager.

Other important notes are contained in the last column of the FT Cityline Unit Trust Prices.

FT Cityline Unit Trust Prices
100 New Broad Street, London EC4A 3DF
Tel: 071-255-5555

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● FT Cityline Unit Trust Prices are available over the telephone. Call the FT Cityline Help Desk on (071) 873 4378 for more details.

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MARKETS REPORT

Rate cut rumour hits DM

With the US market closed for the Thanksgiving holiday, flows of money were restricted and some currencies were vulnerable to rumour yesterday. The D-Mark was volatile, falling sharply at one stage on misinterpretation of a comment from the Bundesbank, writes Peter John.

The German currency had been lifted in late European trading on Wednesday after Mr Hans Eichel, the president of the Bundesbank, said that the central bank was increasing caution in its interest rate policy to avoid pushing up long-term rates over which it has no direct control.

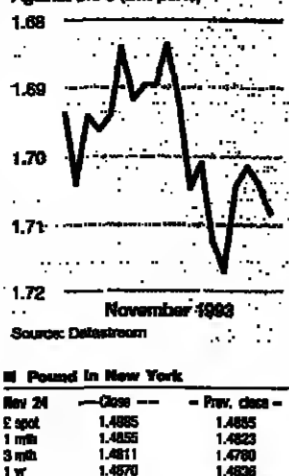
Then, yesterday morning, a news agency reported that Mr Johann-Wilhelm Gaddum, Bundesbank vice-president, had said money market rates could fall to around 4 per cent. The possibility of weaker rates prompted the German currency to slide against the dollar, the pound and the French franc. It was also weaker against the Swiss franc but more as a result of strength in the Swiss currency than D-Mark weakness.

Shortly afterwards, it was stated that the report on money market rates was the result of a translation error. By that time, however, German regional inflation figures from North Rhine-Westphalia and Bavaria had been announced. The data suggested annualised price rises for November might have fallen to 3.7 per cent from October's 3.9 per cent.

They encouraged hopes of a further cut in interest rates that could regenerate the economy and possibly prompt a re-evaluation of the currency. However, some economists said the Bundesbank had been obliged to inject emergency liquidity into the money markets yesterday, suggesting it would be difficult to bring the repo rate down from its current 6.25 per cent. Against sterling, the D-Mark fell a penny to DM2.5425 while against the dollar it slipped to DM1.7085 from DM1.7025. It has traded within a narrow range with the dollar for some weeks holding between DM1.68 and DM1.72 but analysts see it continuing

D-Mark

Against the \$ (DM per \$)



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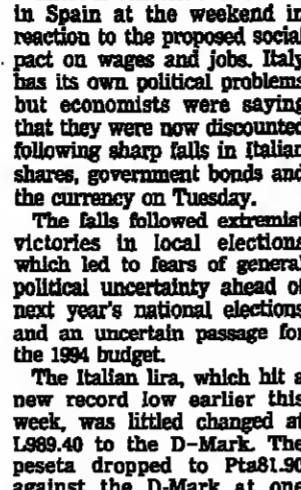
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Lira

Against the \$ (Lira per \$)



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EUROPE

Italy gets support at German expense

Mr Joe Rooney, European equity strategist at Lehman Brothers, increased Italy's weighting in the broker's pan-European portfolio yesterday by 3 percentage points to 8.3 per cent against a benchmark 5.3 per cent, writes *Our Markets Staff*. This came at the expense of Germany, which is now at 13 per cent against a 15.5 per cent benchmark.

He said that the move reflected as much concern with valuation levels in Germany, as exploiting Italian opportunities. "The lack of sensitivity to movements in short term rates will make the transition from an interest rate driven market to an earnings driven market difficult for Germany next year," he maintained.

But in Italy, the trend of inflation had improved continuously, while a £8,500bn trade deficit in the first seven months of 1993 had been converted into an equivalent surplus this year. Mr Rooney saw Italian bonds and the lira at current levels, supported by these trends, as fundamentally cheap.

Politics remained the joker although any government resulting from next year's general elections would be better than the series of administrations that had dragged down the Italian economy over the past two decades.

Mr Rooney had reservations about the stock market, stemming from the inability to explain its performance in terms of fundamentals, inadequate dividend growth, and the fact that the transformation of the political and economic landscape has not been replicated in the corporate sector. "The difference is that the market has underperformed in both local and common currency terms by around 11.5 per cent so far this year and the economic fundamentals have improved," he said.

PARIS was bemused by trad-

ing in Euro Disney which fluctuated wildly, being suspended limit down twice, then gaining some 20 per cent in value from its nadir, before being suspended once more; it finally closed FF2.20, or 7 per cent higher at FF2.29 in turnover of some FF1.58bn.

With its small weighting in the CAC-40 the price movement had minimal effect on the index, which ended at 2,118.40, up 47.79 or 2.3 per cent at 2,118.40.

Turnover was estimated at FF3.7bn. It was suggested that short-covering was partly behind the market's climb yesterday, with domestic investors taking advantage of the absence of US institutions to become aggressive buyers.

AMSTERDAM was pulled higher in line with other bourses, the CBS Tendency

came in with a drop in its year on year inflation rate to mid-November. The DAX rose 18.16 to 2,047.71 and the Ibis-Indice index by another 10.09 in the afternoon to 2,057.50.

Turnover rose from DM7.8bn to DM9.5bn with VW accounting for DM980m of that, far ahead of its average volume. The four-day week was estimated to be worth a 20 per cent reduction in the car-maker's costs, the shares rose DM3.50 to DM4.00 and, in a generally strong automotive sector, Daimler continued its recovery with a rise of DM12.20 to DM71.7.

The big results of the day came from Bayer. The prospect of an 18 per cent fall in 1993 pre-tax profits was less severe than expected, yet the shares rose only DM1.50 to DM324.50 during the session compared

US markets were closed for the Thanksgiving holiday. Toronto got off to a slow start in the absence of Wall Street and at noon the TSE-300 composite index was down just 3.47 at 4,319.87. Volume was 27.2m shares.

There were variations among the sub-indices with financial services up 39.33 at 3,131.99 and oil and gas down 132.86 or 2.6 per cent at 4,504.09, reflecting lower commodity prices.

index adding 2.4 or 1.3 per cent to 135.7. Turnover was \$1.1bn, helped by strength on the options market.

Cyclical market to favour, DSM and Akzo showing respective rises of FI 4.00 and FI 3.00 to FI 102.20 and FI 178.80; good buying was also noted among financials.

Further strength was seen in KNP BT, the paper group, following Wednesday's results which were not as bad as some analysts had been forecasting: the shares rose FI 1.50 to FI 41.70. Royal Dutch went against the trend, slipping FI 2.10 to FI 156.50, partly on a weaker oil price.

FRANKFURT climbed on the Volkswagen four-day week agreement, and extended its gains after hours after Bayern

with DM2.70 to DM278.70 for 200,000 shares. DM5.10 to DM288.40 for BA37. Mr Hans Peter Wodnick, head of research at James Capel in Frankfurt, observed that Bayer had been expected to produce better results than the other big two chemical stocks, which had underperformed the market in the first three weeks of November, while Bayer had outperformed.

The bad results came from Metallgesellschaft, where heavy losses, no dividend and the prospect of a rights issue supported by a defensive coterie of big corporate shareholders left analysts shaking their heads in despair.

STOCKHOLM saw volatile trading in Volvo after major shareholders said that they would back the proposed

FT-SE Actuaries Share Indices

	Nov. 25	Nov. 24	Nov. 23	Nov. 22	Nov. 21	Nov. 20	Nov. 19	Nov. 18
FT-SE 100	1229.37	1332.38	1332.06	1336.96	1337.59	1338.52	1341.21	1341.06
FT-SE 250	1395.41	1398.19	1392.18	1404.31	1404.76	1405.51	1407.25	1410.14
FT-SE 100	1328.41	1328.47	1321.12	1320.53	1327.52	1327.52	1327.52	1327.52
FT-SE 250	1395.41	1395.47	1392.18	1392.18	1392.18	1392.18	1392.18	1392.18

merger between the Swedish group and Renault of France. The 3 shares, which had been trading at a high of SKr431 before the announcement, fell back, closing off SKr37 at SKr407.

The Allshare index general index added 3.0 to 1,314.0. MILAN continued higher with sentiment helped by signs that the government had won political consensus on the need to see the budget approved by the end of the year. The Comit index rose 9.79 or 1.8 per cent to 536.08.

Flat, firm on Wednesday after it announced plans for redundancies and temporary lay-offs, bounced L285 or 8.8 per cent higher to L3,800 after demand by domestic funds sparked short covering. Speculation that the car group was selling Alfa Romeo was firmly denied by Fiat.

Sip, L88 higher at L1,023. Olivetti, L25 firmer at L1,805, and Pirelli, L89 ahead at L1,849, continued to pick up gains lost earlier in the week. Benetton surged L1,140 or 5.4 per cent to L22,290 on the view that the cheaper lira could help its exports.

DMRD was given a breathing space as the holiday closure in the US took American sellers out of the market. The general index added 2.27 higher at 295.78 in turnover down from Pt37.2bn to Pt30.5bn.

Electrical utilities rose in depth, led by Femosa, up Pt14 at Pt35.84, and Iberdrola, Pt16 better Pt36.86. Telefonica,

which said on Wednesday that it was well set for Europe-wide competition in telephone networks, rose Pt30 to Pt31.65.

ZURICH was firmer, but off the day's highs, with activity restrained by the absence of US investors. The SMI index rose 9.0 to 2,736.8.

Nestlé continued higher after Wednesday's 10 month figures, the shares adding SFr6 to SFr11.85.

Swissair, only another SFr9 to SFr7.66, added SFr4 short of the ahead of last week's announcement that the Alcazar talks had been called off.

Banks were broadly higher with CS Holding, parent of Credit Suisse, gaining SFr40 to SFr455.

COPENHAGEN dropped 2 per cent on late selling in thin trading, the KFX index losing 2.0 to 92.41.

ATHENS was unsettled by reports that the government planned to increase taxes on share dividends by up to 10 per cent. The story was later denied. The general index dropped by 13.73 to 851.93.

ISTANBUL hit a new record high on late buying, which left the composite index up 47.5, or 2.6 per cent, at 17,155.1.

Buying interest concentrated on the iron and steel, cement and banking sectors, with Ergil rising TL800 to TL6,500.

Turnover was estimated at TL1,400bn.

Written and edited by William Cochrane, John Pitt and Michael Morgan.

French equities falter in uncertain trading

Alice Rawsthorn on prospects for the Paris bourse

Even Mr Edmond Alphandery, the ascetic economy minister, could scarcely conceal his glee yesterday when he announced that the public part of the FF13bn sale of shares in Rhone-Poulenc, the second company to be sold in France's privatisation drive, had been heavily oversubscribed.

The Economy Ministry is today expected to report that the institutional part of the Rhone-Poulenc sale has also been comfortably oversubscribed.

The timing could scarcely be better. The successful sale of Rhone-Poulenc not only sets an encouraging precedent for the next round of privatisations, scheduled for next year, but comes at a propitious moment when the Paris stock market seems to be flagging.

The CAC-40 index, which soared to record levels during the summer and early autumn, has faltered recently on concern about the outcome of the Gatt negotiations, the Balladur government's cautious approach to cutting interest rates and the recent spate of industrial unrest in France.

"There is a great deal of uncertainty about the prospects for the market," said Mr David Haington, of James Capel's Paris office. "The fundamentals are still strong, but investors are likely to remain nervous until the Gatt issue has been resolved and there is clear evidence of further falls in interest rates."

Once these problems have been addressed, most analysts and economists expect the market to return to growth. Mr Didier Charyp, managing director of Morgan Stanley in Paris, predicts that the CAC-40 will rise to a new record of 2,500 next year.

"We are rather optimistic," he admitted. "But the economic environment does look encouraging. If Germany comes out of recession, interest rates could fall steadily in France and Germany, and that would be a big boost to the stock market."

Other observers take a

slightly less rosy view. But most are confident, barring a Gatt impasse, that the CAC-40 index should reach a new record of around 2,400 in 1994.

One reason for their confidence is the corporate sector's promising outlook. Companies have had a tough time in the early 1990s due to the impact of high interest rates and rising unemployment - on domestic demand and, since the September 1992 currency crisis, the depressive effect of the strong franc on exports.

Savings ratios are still rising, suggesting that, in spite of the government's efforts to coax investors into equities through initiatives such as this summer's highly successful "Balladur bond" issue, the French are still not ready to convert their cash into shares.

Recent reductions in interest rates have already made equities seem more attractive against the dwindling returns on savings.

This trend should continue as interest rates fall further next year, thereby providing a new pool of money to bolster the market.

The other main influence will be the volume of new equity arriving on the market. Almost FF100bn (\$15bn) of new shares have already been added this year through the combination of the first two privatisations and a stream of private sector issues, from companies such as Schneider, Axa and Lafarge Coppée, thereby artificially depressing the index.

"So far, there has been no shortage of takers for these new issues and most have been healthily oversubscribed," says Mr Harrington of James Capel. "Unless there is a Gatt crisis there is no reason why next year's issues should not be as successful - unless, of course, the government is too greedy and privatises too many companies too quickly."

James Capel expects to see a rebound in CAC-40 earnings of 35 per cent for 1994. But the eventual rate of growth will be heavily influenced by the progress of interest rate reduction and its impact on the economy. Salomon Brothers forecasts a fall in short-term interest rates from the present level of 6.45

ASIA PACIFIC

Bank of Japan move aids Nikkei

Tokyo

The Tokyo investment community, seeking any sign that the authorities cared about the descending market, was heartened yesterday by larger than expected injections into the short term money market by the Bank of Japan, and the Nikkei average rose for the first time in four trading days, writes *Emiko Terazono* in Tokyo.

The 235-issue index gained 155.81 at 17,222.32 after a day's low of 17,093.30 and high of 17,410.04. The Topix index of all first section stocks improved 5.81 to 1,471.85, but declines led rises by 577 to 467, with 123 issues unchanged.

Traders said sentiment had improved following Wednesday's comments by Mr Yasuichi Mieno, the governor of the Bank of Japan, expressing concern over the recent declines in the stock market and saying that he was "seriously watching over the movements".

Volume was 310m shares, against 310m. London continued to take no short term action on the local Nomura strategy team's "worst case scenario" for the Nikkei, fearing a bottom as low as 12,000, and the ISE/Nikkei 50 index was 1.58 firmer at 1,388.26.

Money market traders said the central bank had pumped ¥900bn into the market yesterday, prompting a fall in three-month certificate of deposit rates to a new low of 2.37 per cent. "Now that the BoJ is moving, let us hope the gov-

ernment will also act to help stocks," said Mr Yasuo Ueki at Nikko Securities.

The Nikkei fell in early trading, but later firmed on buying by *tokai*, or specified money trusts, and life insurers, who were encouraged by the BoJ's stance on the money market. Arbitrage selling and margin unwinding later hurt the index, but a rise in the futures market in the afternoon prompted arbitrage buying.

In spite of yesterday's rise, traders said that selling pressure will remain strong ahead of the settlement of futures and options contracts on December 10.

East Japan Railway rallied ¥3,000 to ¥439,000, while NTT lost ¥7,000 to ¥723,000.

Banks continued to lose ground on fears of mounting bad loans. Some investors fear that the recent fall in the stock market will hurt banks, which are trying to write off such assets, covering the losses by realising profits on shareholdings. Industrial Bank of Japan dipped ¥30 to ¥3,170 and Bank of Tokyo lost ¥30 to ¥1,660.

In Osaka, the OSE average rose 47.70 to 19,230.96 in volume of 23.5m shares. Shimano, the bicycle parts maker, moved ahead ¥70 to ¥2,990.

Roundup

Pacific Rim markets put in a mixed performance.

HONG KONG was buoyed by a late round of buying after a day of uncertain trading. The Hang Seng index finished 48.25

higher at 9,286.31. The mood, however, remained inhibited by the outlook for the 17th round of Sino-British talks on Hong Kong's political reform plans this weekend.

Swire Pacific, after the market closed it sold one-third of its Swire Aviation unit to Citic Pacific for HK\$120m. Citic retreated 30 cents to HK\$20.50.

AUSTRALIA drifted to a higher close on bargain hunting, with the All Ordinaries index adding 9.6 at 2,042.0 in thin turnover of A\$462.5m.

News Corp gained 30 cents at A\$10.10, while BHP shed 6 cents to A\$12 after having spent most of the session in positive territory.

SINGAPORE's activity was dominated by Malaysian shares traded over the counter, and the Straits Times Industrial index moved forward 10.38 to 2,081.17.

SEOUL ended an active day sharply lower on aggressive profit-taking by both institutional and individual investors, and the composite stock index slipped 9.56 to 819.42. A smaller than expected flow of customer deposits into securities houses dampened expectations of a liquid-driven rally.

TAIWAN was firmer in moderate trading ahead of tomorrow's local government elections. The weighted index climbed 8.64 to 4,198.53 in turnover of T\$1.1bn.

KUALA LUMPUR was steady in thin volume, with cautious buyers picking up selected stocks and the composite index

moving within a five-point range before ending just 0.01 higher at 970.31.

BANGKOK saw broking house Phatra Thanakit hit its 10 per cent downward limit at the close, losing B\$68 at B\$68. This followed news that the stock exchange authorities fined Phatra Thanakit B\$40m for an erroneous sell order of Ayudhya Investment and Trust shares on November 17.

Both firms resumed trading, having been suspended since then: Ayudhya Investment rose B\$12 to B\$141.

The SET index declined 12.41 to 1,309.36 in turnover of B\$350m.

MANILA slipped as investors took profits after trading began in Bupress, a media and power holding company. The issue, offered at 3.50 pesos, traded up to 12.25 pesos before closing at 10.60 pesos.

The composite index receded 21.79 to 2,350.61 in turnover of 2.7m pesos.

BOMBAY ended slightly higher on late buying, reflecting hopes that carry forward costs to be fixed today would be lower than expectations. The BSE 30-share index advanced 24.59 to 3,077.94.

KARACHI eased at the close on profit-taking and the KSE index finished 2.44 down on balance at 1,702.52, having opened 9.03 points ahead on reports that the US wants to lift sanctions on Pakistan.

NEW ZEALAND edged forward as the market awaited the formation of a new cabinet. The NZSE-40 index finished 1.85 up at 2,080.31.

ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and NatWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries

Jointly compiled by The Financial Times Ltd., Goldman, Sachs & Co. and MetWest Securities Ltd. in conjunction with the Institute of Actuaries and the Faculty of Actuaries																
REGIONAL MARKETS Figures in parentheses show number of lines	WEDNESDAY NOVEMBER 24 1993					TUESDAY NOVEMBER 23 1993					DOLLAR INDEX					
	US Dollar	Day's Change %	Pound Sterling	Yen Index	DM Index	Local Currency	Local % chg on prev	Green Div. Index	US Dollar	Pound Sterling	Yen Index	DM Index	Local Currency	1993 Low	1993 High	Year ago close
Australia (17)	152.06	+1.4	162.81	104.84	136.48	153.12	+1.1	3.35	169.94	160.89	103.82	137.49	141.04	142.83	137.19	117.2
Austria (17)	170.79	-0.6	170.14	116.74	151.15	160.93	-0.9	1.06	171.72	170.87	117.91	161.98	162.25	164.47	131.18	108.2
Belgium (15)	152.90	-0.1	152.38	104.52	135.24	135.94	-0.4	4.23	162.62	152.63	104.81	135.16	127.43	156.78	131.19	112.8
Canada (107)	132.85	-0.1	132.37	90.82	117.58	127.80	+0.1	2.61	132.98	132.72	91.20	129.75	129.68	133.44	111.41	112.4
Denmark (32)	234.00	-0.1	233.15	150.57	207.12	214.98	-0.2	1.06	234.22	233.14	150.62	207.82	207.82	236.28	111.41	112.4
Finland (22)	181.83	+0.6	179.19	61.01	102.87	148.75	+0.2	7.72	118.96	171.82	81.59	106.21	144.64	126.95	70.95	70.95
France (98)	160.41	-0.1	159.82	105.65	141.97	148.45	+0.0	3.13	160.19	159.88	105.88	141.68	144.44	173.06	142.72	141.4
Germany (60)	129.34	+0.0	129.47	86.86	115.01	115.01	+0.1	1.25	129.98	129.34	86.86	115.01	115.01	129.98	115.01	115.01
Hong Kong (25)	578.76	-2.3	575.39	227.55	323.48	371.88	+2.3	2.92	368.41	377.59	225.87	325.85	362.35	394.34	218.82	234.0
Ireland (14)	172.54	+0.3	171.91	117.86	152.72	171.67	-0.2	3.29	172.05	171.72	118.10	162.15	172.94	172.94	158.28	158.28
Italy (70)	58.72	-2.2	59.50	40.42	52.88	75.02	+2.6	2.23	57.59	57.77	39.70	58.16	51.15	74.93	50.78	50.78
Japan (469)	136.98	-1.0	136.48	82.84	121.25	132.64	-1.8	0.87	136.18	136.48	82.84	121.25	132.64	136.18	136.18	136.18
Malaysia (89)	489.79	+0.5	489.08	321.15	415.81	461.56	+0.6	1.51	487.40	486.48	320.65	413.33	489.43	487.72	254.99	274.9
Mexico (19)	208.73	-1.1	207.42	137.33	177.98	181.13	-1.0	0.72	209.30	208.39	136.61	176.54	181.09	209.30	181.09	181.09
Netherlands (22)	188.36	+0.1	187.67	136.77	166.72	164.20	+0.3	3.23	188.11	187.74	136.61	166.72	164.20	187.74	150.34	146.0
New Zealand (13)	32.95	+1.0	32.72	43.54	55.72	62.92	+0.6	3.87	32.35	32.35	43.54	55.72	62.92	32.35	32.35	32.35
Norway (23)	172.38	-1.1	171.75	117.85	152.58	172.08	-1.2	1.47	174.24	173.68	116.50	159.49	175.12	155.10	137.71	106.4
Singapore (29)	309.47	+0.4	308.25	211.57	273.92	227.68	+0.2	1.41	308.24	307.63	211.41	272.58	227.58	307.63	207.04	166.4
South Africa (61)	223.17	-0.8	222.38	152.57	197.53	211.87	-1.5	2.55	224.49	224.05	153.98	196.21	211.16	229.39	146.72	135.1
Spain (42)	132.04	-1.5	131.58	90.27	116.87	138.39	-1.2	4.32	134.03	133.42	90.27	116.87	138.39	133.42	116.87	116.87
Sweden (16)	161.36	-0.3	160.62	122.98	162.55	164.77	-0.3	1.52	161.92	161.58	122.98	160.62	162.55	164.77	122.98	122.98
Switzerland (50)	146.76	+0.3	146.23	100.34	123.92	135.80	+0.4	1.90	146.30	146.17	100.34	123.92	135.80	146.17	100.34	100.34
United Kingdom (218)	185.21	+0.1	184.63	126.60	163.92	184.53	-0.1	3.80	185.00	184.64	126.60	163.92	184.53	184.64	126.60	126.60
USA (181)	185.15	+0.3	187.47	129.63	188.54	188.15	+0.3	2.75	187.52	187.52	129.63	188.54	188.15	187.52	187.52	187.52
Europe (751)	155.16	+0.2	154.58	106.07	137.34	148.84	+0.1	3.04	154.82	154.62	106.07	137.34	148.84	154.62	106.07	106.07
Nordic (114)	177.25	-0.2	177.01	121.45	157.25	168.42	-0.2	1.31	176.00	177.05	122.08	157.25	168.42	177.05	122.08	122.08
Pacific Basin (714)	146.32	-1.1	145.79	100.03	129.51	151.88	-1.4	1.16	147.96	147.67	101.43	130.35	151.88	151.88	101.43	101.43
Euro-Pacific (1465)	140.67	-0.8	140.23	102.45	132.69	121.68	-0.6	1.88	140.74	140.44	102.45	132.69	121.68	140.44	102.45	102.45
North America (625)	184.70	+0.3	184.03	126.28	163.51	184.01	+0.3	2.74	184.12	184.12	126.28	163.51	184.01	184.12	126.28	126.28
Europe Ex. UK (533)	136.05	-0.2	135.55	93.02	124.44	128.33	-0.2	2.48	135.80	135.54	93.02	124.44	128.33	135.54	93.02	93.02
Pacific Ex. Japan (249)	238.15	+1.5	236.30	161.47	206.05	218.87	+1.4	2.70	236.26	236.20	161.47	206.05	218.87	236.20	161.47	161.47
World Ex. US (1951)	151.38	-0.6	150.83	102.50	133.99	124.65	-0.6	1.98	152.24	151.94	104.43	134.94	125.81	162.98	118.61	118.61
World Ex. UK (1951)	150.51	-0.3	150.22	104.78	142.08	140.34	-0.4	2.10	150.32	150.32	104.78	142.08	140.34	150.32	104.78	104.78
World Ex. SA. AL. (2008)	182.36	-0.2	181.77	111.00	143.79	146.05	-0.2	2.27	182.71	182.39	111.00	143.79	146.05	182.39	111.00	111.00
World Ex. Japan (7000)	177.98	-0.3	177.24	121.62	167.47	174.58	-0.3	2.82	177.32	176.38	121.63	159.64	173.81	181.57	157.47	157.47
The World Index (1199)	182.68	-0.2	182.08	111.21	144.00	144.28	-0.3	2.27	183.04	182.72	111.43	144.19	147.48	170.98	137.42	137.42

GLOUCESTERSHIRE

Friday November 26 1993

The quest for new businesses is being impeded by contraction in important regional industries and uncertainty over the future of local authorities, reports Roland Adburgham. The county has responded with the launch of an economic strategy forum

The idyll is clouded

Gloucestershire has always been seen as one of the more fortunate English counties, with a rural prosperity suggested by its Cotswold villages, grand country houses, the Royal Agricultural College at Cirencester, and the Cheltenham Gold Cup. It is assumed to be a shire where the living is good.

Today, the image is flawed. The county is indeed a pleasant place to live and work, and leading companies have chosen to be based there: state-owned Nuclear Electric, Gulf Oil (GB), Eagle Star Insurance group and Mitsubishi's Colt Cars are among them. They have been attracted by the skilled and stable workforce, good access to the M4 and M5 motorways, and by being within reach of London but able to enjoy lower property and labour costs.

The population has risen steadily, boosted by relocations, especially in financial services. In just two years to September 1989, 21,000 net additional jobs were created. Agriculture now accounts for only 2 per cent of the labour force. Contrary to the popular image, the backbone of the economy – once provided by sheep and woolen mills – is manufacturing, and especially engineering and electronics.

But here is the catch: no fewer than 14 per cent of the companies are estimated to be involved in the defence and

aerospace industries, with Dowty, Smiths Industries and the government's GCHQ at Cheltenham among the biggest employers. The contraction of these industries is happening at a time when the recession has stopped growth in financial services and in tourism.

In just three years, unemployment has nearly tripled, rising from only 3 per cent in 1990 to 8.5 per cent in September. This represents 22,000 people, 1,500 fewer than last February and still below the national average, but the differential has sharply narrowed.

Industrial restructuring increases the vulnerability of regional plants. The head office of Dowty moved out of the county after last year's takeover by TI. Earlier this year, there were big job losses in Gloucestershire, when Meko International, a mining equipment company, subject of a buy-out from Dowty, merged with Dobson Park Industries and work was consolidated in Lancashire.

"The regional economy is under very great pressure," says John Sewell, leader of the Liberal Democrats, the largest group on the county council. "In economic development terms, Gloucestershire is caught between the grants available in south Wales and the effects of the M4 motorway corridor, which stretches as far as Swindon." It is also midway



Gloucester's renovated docks, overlooked by the cathedral

The picture in this survey is by Tony Adburgham

between the heavyweight cities of Bristol and Birmingham.

"What we have to do," says Mr Sewell, "is to form the seedbed for new businesses to grow – there is simply no other way round it. We have a very skilled workforce; we have lots of people with ideas."

Economic planning for such a seedbed is clouded by the uncertainties that surround the future of local authorities. In its draft proposals, the Local Government Commission recommended replacing the county council and six district councils with four unitary authorities. And the council has been capped by the government for the second successive year, and has had £10m lopped off its proposed budget.

All three political parties had voted in favour of the higher budget. (The council has been hung since the mid-1980s, but in May the Liberal Democrats increased their share of seats to two short of an overall majority.) Mr Sewell says education, in particular, is suffer-

ing as a consequence of the capping. As for the proposed council reorganisation, he describes the commission's proposals as a non-starter. All three parties had voted for the status quo.

Michael Honey, the council's chief executive, is confident

you are going to change the status quo, go for a single unitary authority, which has enough clout to look strategically at the issues.

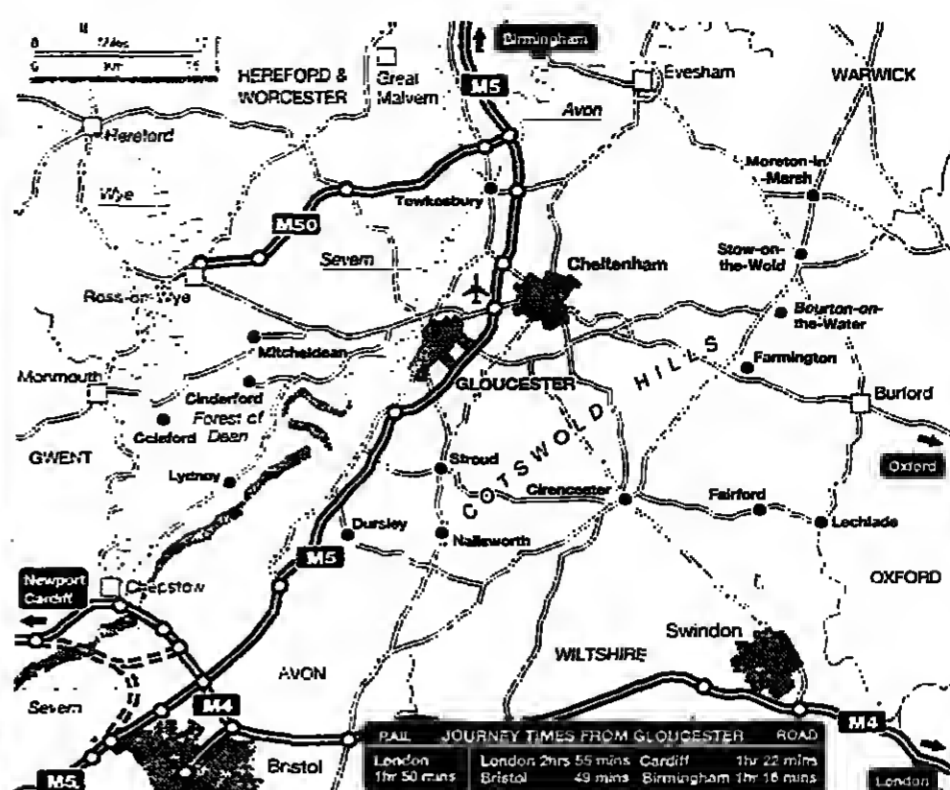
The need for this clout resulted this year in the setting up of an economic strategy forum, a partnership

IN THIS SURVEY

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that the commissioners are now listening. "The public is saying it wants the existing two-tier structure, which works very well here; and it is certainly not worth spending £20m or more and going through all the upheaval to unstick it. From the business point of view, the message we have heard loud and clear is: if

between the public and private sectors. "Ways need to be found to ensure employment is brought down by getting the local economy to outperform the rest of the UK," Mr Honey says. The forum will be co-ordinated with similar initiatives in neighbouring counties to create a more effective voice. "People realise we have to be



part of a larger sub-regional force in order to be successful in getting inward investment into this part of the country."

He remains optimistic. "One of the great assets is the delightful environment which is one of the attractions to firms staying here and relocating here. It is a thriving economy, even though it is suffering obviously from the rundown in the defence industries. But we have an economy rapidly retooling itself and diversifying into other areas."

Some defence-related companies have been slow to do this, but a strength of Gloucestershire is the variety of small businesses and often high-tech companies. Roger Emsdon, managing director of Krone (UK) Technique, a Cheltenham-based subsidiary of a German company making patented telecom and data connections systems, says it has more than doubled its turnover in the past six years to over £20m and is highly profitable. "The Germans are convinced

that their investment here was absolutely the right decision for market, technological and productivity reasons."

Other significant companies in their own market include Racal-Redac, the Tewkesbury-based subsidiary of Racal Electronics and the world's third largest software company for electronic design automation. Norville Optical, a family-owned company based in Gloucester, employs more than 800 people and describes itself as the UK's largest optical supplier. Sapa Holdings, with nearly 700 staff in the county, has big market shares in windows and doors.

Vince Taylor, of the accountancy firm Coopers & Lybrand, which is advising the strategy forum, says: "The county has a large number of world-class companies and in some ways has been more of a leader than follower. It has been able to generate its own exports, which is interesting given that a lot of people think all the growth for the future will hap-

pen in the east, because that is nearer continental Europe."

This may be a good portent, since the Channel tunnel, due to open next year, otherwise threatens to emphasise the county's peripherality. Another positive indicator is that the head-office culture, and natural environment, should continue to attract senior staff and encourage a network of support companies and professional services.

The strategy forum shows a recognition that, while Whitehall may adopt an attitude of laissez faire, Gloucestershire itself has to act to stay in the forefront of places to live and work. The expansion in the 1980s may have been counterproductive in one respect: it gave the impression to the outside world that Gloucestershire did not need more investment. As John Cripps, chief executive of Gloucestershire chamber of commerce, says: "The message now is Gloucestershire is not closed for business, but open for business."

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MEMORANDUM

TO: UK Industry
Global industry

COPY: Gloucestershire industry

- Over 33,000 businesses now operate successfully in Gloucestershire; from one-man bands in Cotswold villages like Bibury to world class companies in, for example, Cheltenham and Gloucester.
- The county boasts superb links with the UK's motorway network and easy access to air, sea and rail transport.
- A high quality workforce is available with particular skills in financial services, high technology, precision engineering and manufacturing.
- Gloucestershire is widely acknowledged to be one of the finest places in Britain in which to live and work.

NOTE

The Gloucestershire Economic Strategy Forum has been formed to build on the success of business life in Gloucestershire.



Gloucestershire Economic Strategy Forum

Partners:
Gloucestershire Chamber of Commerce; Gloucestershire County Council;
CBI; Gloucestershire TEC; TUC

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GLOUCESTERSHIRE 2

Sectors in partnership: Roland Adburgham on the economic strategy forum

Harmony in the corridors

In Gloucestershire, as in other parts of south-west England, there is an awareness that an individual county, in terms of its economic development, increasingly lacks the muscle to fight its corner.

In the past, the south-west has done well enough to be unconcerned that it lacked agencies to promote the region and attract inward investment. But the recession and the run-down in the defence industries, on which the region is heavily dependent, have forced a rethink. Neighbourly and political rivalries are being set aside in an attempt to have a louder, and more united, voice in the corridors of Whitehall and Brussels.

This year has seen the creation of the Western Development Partnership in Avon, and Westcountry Development Corporation for Devon and Cornwall. These are two public and private sector partnerships designed to provide a strategic overview. Now Gloucestershire is proceeding down a similar road.

It linked with Avon and Wiltshire this autumn to apply for the European Union's Konver funding, intended to support projects in areas suffering from defence-related job losses. Influential players in the county are now setting up an economic strategy forum with representatives from the county council, training and enterprise council, Gloucestershire chamber of commerce, the CBI and the TUC.

Mr Tony Burley, the county council's group planning officer, says: "The need is to co-ordinate on action - and one cannot do that without a strategy forum. It has become clear that in the future we need to co-ordinate and put limited resources together." Whatever the outcome of the local government review (which proposes abolishing the county council and creating unitary authorities), such a body would be required to provide an overview.

Mr Graham Hoyle, chief executive of the Tec, says there is unanimity that the forum needs to be made to work and to resource the action it proposes. "A fundamental strength of Gloucestershire is

KEY FACTS

Area: 1,020 sq miles. Population: 541,000. Total labour force: 250,000. County city: Gloucester (pop. 105,000). Largest town: Cheltenham (107,000). Members of Parliament: four Conservative, one Liberal Democrat.

ADDRESSES

Cheltenham Borough Council, Promenade, Cheltenham GL50 1PP (tel 0242-262828).
Cheltenham & Gloucester College of Higher Education, PO Box 220, The Park Campus, Cheltenham GL50 2QF (0242-632700).
Cotswold District Council, Tintin Road, Cirencester, GL7 1PX (0285-43843).
Forest of Dean District Council, Coleford GL16 8AG (0594-810000).
Gloucester City Council, The Docks, Gloucester GL1 2TN (0452-422233).
Gloucestershire Chamber of Commerce & Industry, Cornway House, 33-35 Worcester Street, Gloucester GL1 3AJ (0452-345167).
Gloucestershire County Council, Shire Hall, Gloucester GL1 2TN (0452-425000).
Gloucestershire Training and Enterprise Council, Cornway House, 33-35 Worcester Street, Gloucester GL1 3AJ (0452-624488).
Stroud District Council, Stroud GL5 4UB (0453-788227).
Tewkesbury Borough Council, Gloucester Road, Tewkesbury GL20 5TT (0284-285070).

that it has tended to move with the times. But there are now two snags. Defence and armed forces have been a strength for 30 or 40 years. Insurance, particularly, and banking have been strong in the 1970s and 1980s. But the peace dividend has led to the actual shedding of staff, and in financial services the growth has ceased." In addition, inward investment had dried up.

"Gloucestershire is still seen as a very attractive and prosperous county - and still seen that way in Whitehall - with below national average unemployment, a mixed economy, a pleasant place to live - lucky old Gloucestershire," he says. "But if Gloucestershire does nothing, it is on a downward slope. There is a recognition that it has to do something, and it is sensible to plan what we do."

Public and private sector partnerships are already examining education strategy and seeking to identify the county's future sunrise industries. In September, the forum commissioned Coopers & Lybrand to carry out a three-month study to help to prepare its strategy. Presentations are being held to make the broader community - companies, banks, utilities and colleges - aware that Gloucestershire needs to act.

Mr Vince Taylor, consultant

with Coopers & Lybrand, has been analysing the results of a questionnaire sent to public and private sector agencies. "I was very surprised at the high degree of consensus," he says. "There seems to be broad agreement."

"They would like to see Gloucestershire re-established as a leading region within the UK. They want to see a balanced economy of manufacturing and commerce, rather than as in the 1980s when commerce was appearing to dominate. Education features strongly as underpinning the employment skills."

Gloucestershire, he points out, is one of the leading British counties in terms of high-technology employment, but its position has been weakening, because of the contraction of the defence and aerospace industries.

The county is, he says, perceived to be a high-quality location, if rather in the shadow of Bristol and Birmingham. But to attract further inward investment, the county needed to correct an image problem, dating back to the late 1980s, of appearing to be full - that there had been enough growth, that the market for labour and property was very tight.

"I think the door has to be re-opened to inward investors. But Gloucestershire cannot

just say we're open for business. In order to preserve the quality of life, it has to be very selective - to have a ride-or-die approach."

One strong message from the questionnaire, he says, was the need to preserve that quality of life. "People unanimously thought the natural environment was very good, and the vast majority said it mattered to their organisation in order to retain staff."

The forum will need to take account of local initiatives. For example, Cheltenham has already set up its own business forum and action group to develop an economic strategy for the town, intended to sustain existing businesses and attract new ones.

It also has to take account of the county's geography. While the Gloucester, Cheltenham and Tewkesbury triangle is its economic heart (traditional rivalries have often prevented it from beating as one), individual parts of the county look outwards in different directions. The south looks more towards Bristol, the north towards Birmingham, the east towards Swindon and Oxford.

The forum will have to liaise with the neighbours to develop a sub-regional approach. Mr Hoyle says: "If Gloucestershire believes it can develop an economic plan within its boundaries, it is unlikely to be successful. In getting a Gloucestershire strategy together, that has to be done with a degree of collaboration with neighbouring counties."

Mr Chris Curtis, director of the CBI's south-western region and a forum member, stresses the importance of the forum, but also of this sub-regional co-ordination. Brussels was increasingly looking at a Europe of regions rather than nations, and Gloucestershire would need to look beyond its own borders. "Gloucestershire on its own has not the depth of resource, but needs a wider horizon for strategic planning," he says.

"The CBI believes that, in the very long run, the people who live in the south-west ought to consider a regional development function covering all seven counties of the south-west."

David White examines the effect of defence cuts on industry

'10,000 jobs lost' says report

The name Gloucester evokes quite different associations from the other spelling of the name. While most people's image of Gloucestershire has to do with peaceful settings - Cotswolds, vales, forests, and spas - it is deeply involved in the military sector.

Gloucester was the aircraft company that made the Gladiator biplane and the Meteor and Javelin jets. It was set up in the first world war as the Gloucestershire Aircraft Company on the premises of a Cheltenham firm. One of its employees, George Dowty, hatched out to found the parts company that became Gloucestershire's biggest industrial concern. Unlike Dowty, however, which survives as part of the TI group, Gloucester Aircraft Company has disappeared, its name swallowed up in the series of mergers that led to the creation of British Aerospace.

And then there are the Gloucesters - the Gloucestershire Regiment, also known as "The Slashers", distinguished by the small "beck-badger" on the back of their head-dress, commemorating the 1801 battle of Alexandria when they fought simultaneously to their front and rear. The regiment will just be able to celebrate its 300th anniversary next year before it, too, is swallowed up in a merger, making way for an amalgamated Royal Gloucestershire, Berkshire and Wiltshire Regiment.

Defence cuts have hit the area hard. In the industrial sector, where, besides Dowty and Smiths Industries, there is a range of contractors producing everything from bearings and steering equipment to decoys and electronic components, the



GCHQ, the largest arm of British intelligence, remains cloaked in secrecy

cuts have coincided with recession in other markets, making the transition away from dependence on defence much harder.

A report produced this month for Gloucestershire county council suggests that total defence-related employment, now around 26,500, has shrunk by almost a third in the last three years. More than 10,000 jobs are reckoned to have been lost in the defence equipment sector, including sub-contractors, as well as some 2,000 civil service posts. The report forecasts more than 4,500 more job losses by the end of the decade, with direct defence-company employment reduced to just half the 1990 level. Gloucestershire has joined forces with neighbouring Avon and Wiltshire in applying for a share of the European Union's Konver fund for vulnerable defence-dependent regions. The application, to support a £4.5bn investment programme aimed at business development, innovation, training and rehabilitation of military sites, was submitted last month.

The three counties suffer in different ways. Wiltshire's

defence dependency lies mainly in its concentration of military bases. Avon's in its large aerospace and defence equipment sector. "Gloucestershire's got the lot," says Mr Tony Burley, of the council's Economic Development Unit.

Besides scattered army and RAF bases and maintenance units, Gloucestershire is famously home to the Government Communications Headquarters (GCHQ), the electronic monitoring agency which is the largest arm of Britain's intelligence services. Closely linked to its US counterpart, cloaked in secrecy, and undisturbed by trade union activity, which has been banned since 1964, it has two main sites at Cheltenham, now reckoned to employ 6,500-7,000 civilians. But even this is secret.

The local economy tied to military bases has also suffered, particularly from the rundown of US Air Force operations in Europe. The US base at Fairford, from where B-52 bombers flew 7,500-mile missions against Iraq in the Gulf war, is mothballed. The USAF and RAF have both abandoned Kemble, a former maintenance depot now used

to store army vehicles. A US hospital at Little Rissington has also closed.

Industrially, defence remains prominent among otherwise disparate activities, ranging from Birds Eye Walls' ice-cream factory, which employs about 1,000 at Gloucester, to Rank Xerox's copier plant at Mitcheldean, whose workforce of 1,800 is one of the largest in the county.

Some of the main non-defence industries have also been facing particularly depressed markets. Du Pont, which took over ICI's nylon fibre plant at Brockworth, is reducing employment by a quarter to 750. The Lister-Petter diesel engine plant at Dursley, now part of the BTR group, is the sole survivor of five main sites. It shed 180 jobs early last year, leaving 900. It has staved off further cuts by diversifying into defence - a US military contract for generator engines, which has boosted the business by 10-15 per cent.

Most defence manufacturers are, meanwhile, seeking ways of diversifying in the other direction. But this is proving especially hard for smaller companies.

An exception is Lydney Products, a plywood and veneer producer in the Forest of Dean which used to rely heavily on supplies for navy wardrooms and the like. In the last six years, it has built up civilian outlets for its products, although this has not stopped the number of employees falling from a peak of about 200 to 80. Defence now accounts for only 15 per cent of the business, says Mr Nigel Haig, commercial director, adding: "It can't help being a declining thing."

High flyers encounter turbulence

Two companies represent Gloucestershire's high profile to the aerospace equipment sector - Dowty and Smiths Industries, writes David White. Although both remain world leaders in some technologies, as well as being principal industrial employers in the Cheltenham-Gloucester area, they have both been hit by a cruel combination of cuts in defence expenditure and depression in the airline business.

Dowty, with unique status as a home-grown Gloucestershire company of international standing, succumbed last year to a £487m hostile takeover by the TI group. The old headquarters building at Arle Court, Cheltenham, has been put on the market. The company is now based with

TI at Abingdon, Oxfordshire. Focusing on core aerospace businesses, TI has since September sold Dowty's fuel systems subsidiary to Lucas and its electronics interests to a new company, Ultra Electronics, in a management buy-out. This leaves Dowty Aerospace with activities in landing gear, propellers and hydraulics. The military share of sales has dropped from 40 per cent in 1985 to about 25 per cent, partly reflecting the large share of landing-gear work now done for Airbus. The three sites now employ 1,700, a reduction of 15 per cent since the takeover, and barely a fifth of the Dowty workforce in the region in the early 1980s.

Cheltenham also has Smiths Industries' largest aerospace factory, employing

about 2,300. Its civil side supplies avionics for Boeing and other airlines, and its military side makes displays for fighter jets, including several US aircraft. About 1,000 are engaged at Cheltenham in each of these activities, with a further 300 in a separate product support operation. Unlike most companies involved in defence, Smiths says it has not tried to lessen its dependence on the military sector, and is eager to exploit opportunities for upgrading existing combat aircraft.

In the medium and longer term, the company is optimistic about both prospects in both the civil and military markets. A £5m investment in a new 60,000 sq ft repair facility, being opened today, testifies to its confident mood.

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CHELTENHAM
Britain's Best Guarded Secret

Sept 1993

GLOUCESTERSHIRE 3

Roland Adburgham traces financial services' rise

Profile: Cheltenham & Gloucester Building Society

The head-office factor 'Time to let the people know we're big'

The biggest single influence on the Gloucestershire economy during the 1980s was the huge rise in jobs in banking, insurance and financial services.

The increase, between 1987 and 1989 alone, was almost 12,000, taking employment in the county to over 25,000, as indigenous companies expanded and others relocated, driven away from the London area by high rents, labour costs and the difficulties of recruitment.

By 1991, the recession had already cost some 2,000 of those jobs as the industry, as elsewhere in the UK, retrenched. The question is whether the sector, which is concentrated on Cheltenham and Gloucester, can now stabilise as a significant, although second-tier, regional centre.

If the community was restricted to a "back office" function, then computerisation would mean future employment prospects were poor. In fact, the county has a good share of head offices, some of which are long established,

The most important relocation has been by Eagle Star, the EAT Industries subsidiary, employing 3,000 locally

and which should be able to continue to attract senior staff.

Cheltenham & Gloucester building society, the UK's sixth largest, has always been based in the county, as has the much smaller society, Stroud & Swindon, which has 25 branches. Chelsea building society, with 50 branches, set up its headquarters 20 years ago at Thirlestaine Hall, a Victorian mansion in Cheltenham, and extended it in 1987. Endsleigh, the insurance company which this season started sponsorship of the football league, moved to the town from London 20 years ago.

Northern Star Insurance, the Italian-owned general insurer, moved from Croydon to Gloucester 10 years ago and has expanded to over 350 staff locally. Ecclesiastical Insurance is also based there. Another headquarters is that of the Canadian-owned Laurentian Financial Group, which moved from Guildford in 1986 to set up shop at Barnwood, on the city's outskirts. (Also at Barnwood is one of the main computer centres of Barclays Bank.)

In Cheltenham, there is Royal Bank Leasing and Mercantile & General Reinsurance, which moved much of its operations there 20 years ago. Although its headquarters remains in London, it has more staff based in Cheltenham, nearly 400. There was, how-

ever, a reassessment of group standing levels last year, which led to about 50 local redundancies.

The most important relocation has been by Eagle Star, the EAT Industries subsidiary. Last year it joined its life subsidiary in Cheltenham by moving its head office and general insurance business from London to a new 100,000 sq ft building at Blahö's Cleeve, just outside the town. The group employs 3,000 people locally.

Mr John Bishop, chairman of Eagle Star, which worldwide has £12bn of funds under management, says the relocation was initiated by the need to expand and the difficulties of finding a large enough building in London (the move was accelerated by IRA bomb damage to its existing City offices).

Mr Bishop - whose office now overlooks a parkland of sheep - says any disadvantages of being out of London: "There is none at all as far as Eagle Star is concerned." He points out that many insurance companies are now based outside the capital. "We are a national company that happens to be based in Cheltenham."

The company, he says, has been able to improve its efficiency. "We are able to operate as an entity, and the whole thing works much better. We have our costs under control. We are convinced that, in the long term, this was the right thing to do, with real economies by being here and being able to operate in the way we do, and which will stand Eagle Star in good stead in the future."

Mr Bishop sees no reason why the county should not continue to attract financial services companies. "If I were in London, looking for somewhere to come, this region would be high on my list."

The Eagle Star Life subsidiary moved its own headquarters in 1988 to Cheltenham, where its 13-storey tower block, now being refurbished, is the most prominent landmark. The head office has moved this year to a building with a facade more in keeping with the town's architecture.

"I can think of very few disadvantages to being in Cheltenham, and the quality of life is very good," says Mr Ian Owen, Eagle Star Life's managing director. "There is good access, good employment, good schools and rents are cheaper than in London."

Other than Eagle Star, the last sizeable relocation was that of the Bank of England's registrars department, which completed a move from the City of London in 1991. It occupies a 13m sq ft in Gloucester, where it employs 300 people, most of them recruited locally.

The Bank decided, in 1987, to move the department on cost grounds. It needed a large building at a lower cost than could be found at that time in the London region, but needed to stay within reach of the City, because of the physical exchange of paper - its main function is the registration of gilt-edged securities. It concluded that Gloucester fitted the bill.

One important factor in the future will be how support services develop to give the local sector more depth and range of employment. One new company is Marlborough Stirling, in Cheltenham, set up in 1988 to sell tailor-made software and business solutions for the sector. It has grown rapidly to over 90 staff, and its clients include some of the leading companies within and outside the county. Mr Huw Evans, its managing director, sees "enormous scope" for further growth.

As a regional centre, a limiting factor is the proximity of the larger financial communities of Bristol and Birmingham, and the big companies tend to retain London-based auditors, law firms and advertising agencies. KPMG Peat Marwick, the accountancy firm, closed its Cheltenham office this year, although Coopers & Lybrand and Grant Thornton keep offices in Gloucester. "A local presence is important, because the Gloucester office has its own expertise," says Mr Nicholas Houghton-Brown, of Coopers & Lybrand.

Mr Darryl Whitehead, Grant Thornton's managing partner in Gloucester, says: "Relative to the indigenous work, the indigenous professionals can handle it very well." A leading Gloucestershire-based accountancy firm is Hazelwoods.

Even in the present climate, investment has not ceased in the county. Endsleigh, which employs 350 people on seven sites around Cheltenham, has just bought a 28-acre site on the outskirts where it plans to consolidate.

"It is a statement of our commitment to Gloucestershire as the future local point of the company," says Mr Stuart Warlick, of Endsleigh.

For the first 50 years to the life of what is now Cheltenham & Gloucester Building Society, founded in 1850, the directors met monthly in a Cheltenham hotel, paying £5 a year for the room.

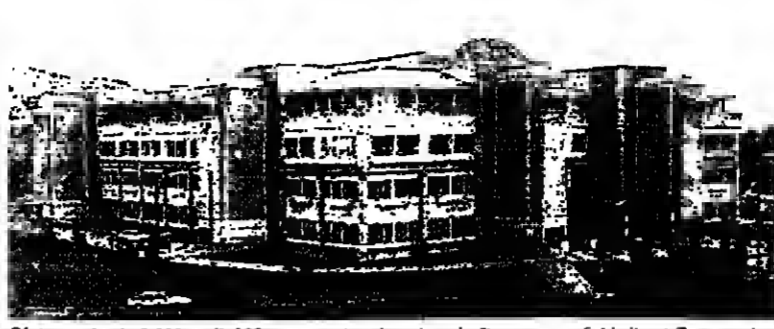
Today, the directors meet in C&G's chief office at Barnwood, near Gloucester, a 185,000 sq ft building completed in 1989 at a cost of £30m.

In between times, the society has grown to be Brital's sixth highest, with assets of £16.5bn. Mindful of its original prudent directors, it stresses that it is the most cost-efficient of the big UK banks and building societies.

This year, it launched a television advertising campaign with the slogan "We're too to make you richer." Mr Roger Burden, operations director, says: "We thought it was time to let people know C&G was big. That is the theme of the campaign - name awareness. We were concerned that we didn't have the awareness that some other societies have."

C&G likes to be different - this month it stopped selling mortgage endowment policies - and the campaign's slogan tries to reinforce this. "Many of our accounts have quite high minimum balances if you want to invest in them," says Mr Burden. "We do tend to think of ourselves as being slightly upmarket as a building society. I think Gloucestershire helps us in that."

Within the county, no one can be unaware of C&G. Mr Burden says: "We know we're very strong in the county - on the investment side we have over 100,000 accounts. We have over 30,000



Of the society's 3,000 staff, 900 are at its headquarters, built on a greenfield site at Barnwood

mortgages in the county. In terms of investors, we're probably in every other home on average, and in borrowing probably have 20 to 25 per cent of the market." (Nationally, the society has more than 330,000 borrowers.)

People in Gloucestershire, Mr Burden says, tend to borrow a lower proportion of their house-purchase cost than elsewhere, and mortgage arrears are lower. "The county has not escaped this recession but it has been quite stable. It is a solid foundation for us." To reinforce its position, C&G concentrates sponsorship locally - especially on sport - rather than nationally.

The society's half-year results to June 30 showed a 71 per cent rise in pre-tax profits to £75.3m, after an improvement in provisions for bad debts. In 1992 the provisions were £217.8m. The half-year results were described by Mr Andrew Longhurst, chief executive, as "a solid performance in a sombre market." Mr

Burden says the fact that house prices have now stabilised "has done marvels for people's confidence. They say maybe the house is worth keeping."

C&G was one of the first building societies to computerise, for which Mr Longhurst was responsible when he joined the society in 1967. "Technology is a very important part of controlling our costs, but it is only one part," says Mr Burden. "We rely on good staff, on training, and we also have a simple and focused approach to our business."

"We've decided out to go for the high transaction banking type-customer, so we don't have cheque-books, we don't have cash dispensers - probably the only building society in the top 10 that doesn't. We don't try to be everything to everyone. We try to stick to the knitting and do what we do best."

The society has 235 branches, many fewer than Leeds Permanent, the fifth largest society, which has over 400.

Although the relatively small number helps to contain costs, C&G continues to increase the number.

"We think it is important to be quite large," Mr Burden says. "Size is important in the way we control our costs - you cannot control the costs if you start shrinking the business. We think it's a sign of strength to see the business growing."

Last month, C&G merged with Heart of England, based in Warwick, the 23th largest society; in 1992 it took over Mid Sussex and the year before, Portsmouth building society. Mr Burden says the mergers worked out the way the society had expected, with the exception of Portsmouth. "With Portsmouth, we were disappointed with the quality of their mortgage book - it wasn't as good as we thought it was. That accounted for a large part of last year's loss provisions. But it will come good."

Today, C&G employs 3,000 staff, of whom 900 are in the Barnwood headquarters, which was built on a greenfield site. C&G moved to Barnwood after failing to reach terms with Cheltenham borough council on a council-owned site. "We couldn't agree a sensible price. We got fed up in the end. We were growing the business - the whole idea of the new building was to be bigger - so we just ran out of time."

The Barnwood staff is now double the number that were at Cheltenham. And work has started on an extension capable of housing another 500.

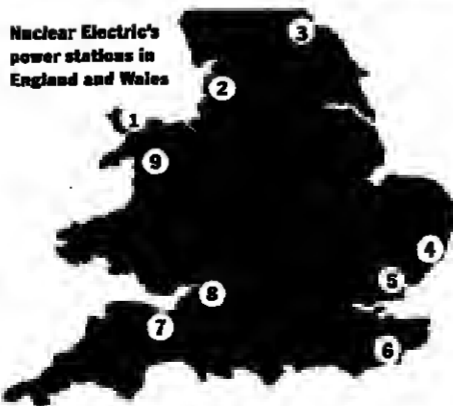
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CHELTEMHAM
Britain's Best Kept Secret

GLOUCESTERSHIRE 4

Relocation: employers tell Richard Evans their reasons

'Preferable to the M25'

The smart entrance lobby to the Laurentian Life headquarters outside Gloucester was buzzing at two o'clock, as dozens of employees returned by coach from a shopping expedition to the city centre.

Coaches leave at noon and 1pm each working day, to enable the financial group's staff to shop during their lunch break, and buses are also laid on each morning and evening, to and from the city centre.

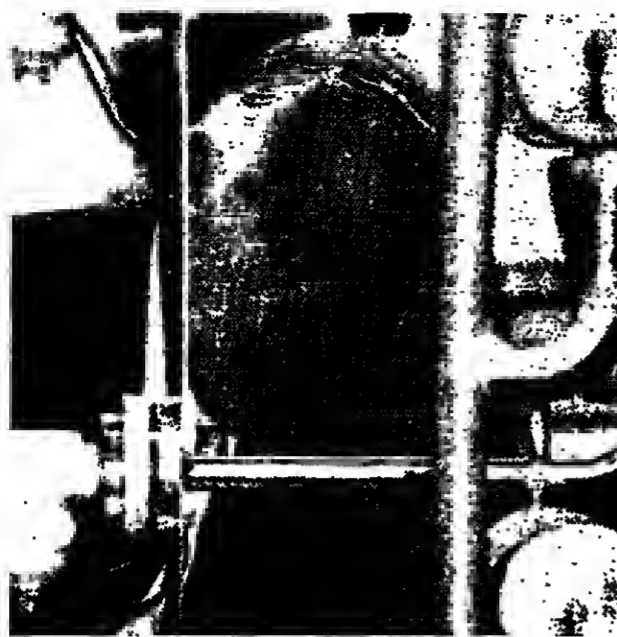
It is part of the company's package of policies to keep the workforce happy in a purpose-built headquarters two miles from the city centre, following a move from Guildford in 1986.

The financial sector has appreciated the benefit of relocating away from city centres and the expensive south-east more than most, but Gloucestershire has managed to persuade a wide range of organisations to set up headquarters in the county. Among them are Colt Cars, Spirax-Sarco Engineering, Nuclear Electric, Kraft General Foods, and the Countryside Commission.

Laurentian traces its origins back to 1896 and the formation of Imperial Life Assurance of Canada. UK offices were opened in 1931, and in 1977 Imperial merged its operations with Laurentian Group Corporation of Canada. In 1987, the size of the UK operation was doubled when Imperial acquired Trident Life, to form Laurentian Life. Imperial was based in Guildford and Trident life in Gloucester, so the management had to decide where to base the combined operation.

Three options were considered: locating everyone in either Guildford or Gloucester, or choosing a new base such as Bristol, Southampton or Bournemouth. "It was quickly decided that an entirely new site would involve too great a commercial risk, and there was only so much disruption the company fabric should be asked to take. It became a straight choice between Guildford and Gloucester," says Mr Iain Tweeddale, managing director of Laurentian Life.

It was not an easy choice, however. The Guildford building could have accommodated



Tim Fortune: 'a stable and loyal workforce'

all the staff, but overheads were much higher. Office space in Guildford in 1986 was £12 a square foot, compared with £5 in Gloucester. A move to Gloucester would entail building a new headquarters, but salary differentials and a much lower staff turnover would bring substantial benefits.

The decision went in favour of Gloucester, to the irritation of many former Imperial employees who thought they should have called the shots as the senior partner in the merger. Around 150 of the 450 Guildford staff decided to relocate to Gloucester, and a further 200 people were recruited locally in a hectic six-month initial training period.

The original intention had been to relocate when the new headquarters was built, but it was then decided to move immediately, because of the danger of flagging morale in a long run-down period. Temporary offices were taken at Mitcheldean, in the Forest of Dean, in premises made vacant by a Rank Xerox outback, and staff were bussed to and from Gloucester for two years.

The landscaped new headquarters in the Gloucester suburb of Barnwood now houses not only the administrative staff but also the whole invest-

ment team, who manage the £1.5bn investments from a purpose-built dealing room.

Among the factors that tipped the balance in favour of Gloucester were housing, with an average house £25,000 cheaper than in the south-east; education, which was seen as being at least as good as in Guildford; and availability of staff.

"We have had no difficulty in recruiting high calibre people, happy to live in this part of the world... anything to get away from the M25," says Mr Tweeddale.

One advantage of Gloucester for financial services is that it is within easy motorway range of both Birmingham and Bristol, with their well developed financial sectors, and this makes specialist recruitment easier.

Another company that has found little difficulty in recruiting technical staff in what has traditionally been regarded as a rural county is Spirax-Sarco Engineering, specialists in the control of fluids.

The company moved to Cheltenham from central London in 1939, because of apprehension about the outbreak of war, and now employs 1,000 at its headquarters and 3,000 worldwide.

Mr Tim Fortune, group man-

aging director, has found no employment problems, partly because of skills acquired in the local aerospace and defence industries. "We find the workforce is particularly stable and loyal," he says.

The Colt Car Company, importers and distributors of Mitsubishi cars, did not make quite such a calculated decision as Laurentian to set up headquarters in the county. It happened largely because a couple of the directors lived in the area when the company was launched, and it seemed a more desirable and cheaper base than London.

The company was founded in 1974, as a joint-venture partnership with Mitsubishi Corporation of Japan, and the first office was in four rented rooms in Dollar Street House, a converted mansion in the heart of Cirencester.

The historic market town was chosen partly for its convenience for the directors, and partly because of its more general convenience as a natural crossroads since Roman times. It has ready access to London and the south-east, Wales and the south-west, the Midlands and the north.

By 1976 the company had outgrown the small offices, and moved to new purpose-built accommodation in nearby Spilgates Lane. A second move followed 10 years ago, when the expanding company moved to its present headquarters on a six-acre freehold site at Watermoor on the outskirts of Cirencester.

Because of Cirencester's historic past, and the fact that the building is the first visitor sees when travelling from London and the M4, planning restrictions were stringent. The main building, next to an old coaching inn on the Roman Fosse Way, is restricted to two storeys and shaped like a W to hide a big industrial warehouse. The complex houses all the company's sales, parts, marketing, accounting and computer functions.

Colt ran its own dock and shipping compound at Newport in south Wales, from 1974 until last August, but the operation has just been transferred to the Royal Portbury Dock in Bristol, where larger vessels can be berthed and unloaded.

Colt tries to make the most of its local connections, and uses local legal, technical and support services as much as possible. It is currently sponsoring the locally-based Badminton horse trials.

Tourism: Roland Adburgham on one of the county's main industries

Councils unite to welcome visitors

It is as evocative a litany as any in England: Sheepcombe, Cote St Aldwyns, Windrush and Birdlip. The names of Cotswold villages conjure up the image of limestone cottages, drystone walls, sparkling streams and wooded valleys, an image which helps to bring 11m visitors a year to the county.

In consequence, tourism has become one of the four leading industries in Gloucestershire with spending by visitors in 1992 put at £212m. Over 17,000 people are employed by the industry and, on the calculation that each job supports one half of another elsewhere, it is reckoned that it sustains one in 10 of all jobs in the county.

During the recession, as elsewhere in Britain, tourism has suffered, and there have been job losses, but fewer than in other important sectors of the local economy. In 1992, visitor numbers to attractions were down by about 2 per cent on 1991. This year has seen no real recovery, although overseas visitors, encouraged by the devaluation of sterling, have helped to some extent.

About one in five visitors come from abroad, but they account for over a third of all tourist spending, partly because so many of the 11m total - are on day trips.

Although the Cotswolds are almost synonymous with Gloucestershire - nearly all their 800 square miles lie within its boundaries - they are only one reason why people want to visit the county. "The great thing with Gloucestershire is that the county itself is a draw, rather than any one component within it," says Mr Colin Potts, principal tourism officer of Gloucestershire Tourism, an innovative marketing and development partnership set up seven years ago by the county council and six district councils.

The partnership acts as a co-ordinator of these councils' individual programmes and as a link with the Heart of England Tourist Board. For example, Gloucestershire Tourism promotes directly in the US a guide for travel agents with hotel prices quoted in dollars. (The US is the main country of origin among overseas visitors, followed by the Netherlands and Germany.)

The county benefits by being able to offer what Mr Potts describes as "quintessentially English countryside" within reach of Heathrow, Gatwick and Birmingham airports. "First timers to Britain will usually go to London first," he says. "But for those who have been to London before, we are a very good first stop - after a flight arriving in the early morning, one can be in a lovely country-house hotel in perfect English countryside by early afternoon."

Despite the appeal of the Cotswolds, the county is keen to divert visitors away from the obvious, and sometimes



Gloucestershire landscape: one in five tourists comes from abroad

overcrowded, honeypots. In fact, the most popular single attraction is not in the Cotswolds but Gloucester cathedral, where visitors in 1992 were estimated at 450,000.

Gloucester, while lacking the regency splendours and quality shops of Cheltenham (and it can boast only one restaurant in the latest Good Food Guide, compared with Cheltenham's four) also has its historic docks. The restoration of these has been the single most important tourist development in the county in the past 10 years.

The docks, connecting the river Severn with the Gloucester and Sharpness canal, no longer have any commercial shipping. But the 15 handsome Victorian warehouses now house shops, the National Waterways Museum and the Robert Opie collection of advertising and packaging. An antiques centre in one warehouse had nearly 400,000 visitors in 1992.

English Heritage is restoring another of the city's antiques, the 13th century Blackfriars Dominican friary, which is expected to become a big tourist attraction. The city has

improved its appeal for visitors and residents alike by pedestrianising part of its centre. Mr David Scott, director of planning and development services, says: "I think there is a sense of optimism in the city that we've got tremendous assets; we're making the best of those assets, and we're going to go on improving them."

Elsewhere in Gloucestershire are such inspired gardens as Hidcote Manor and Owlpen Manor. There are the Stroud valleys, the Westons of Stroud, Tewkesbury Abbey, the Wildfowl and Wetlands Trust at Slimbridge, the roman town of Cirencester and Cheltenham itself, with its art gallery, Pittville Pump Room and festivals of literature and music.

On the other side of the Severn is the Forest of Dean, which the walker John Hillyard described as "perhaps the most beautiful assembly of trees in Britain". In the south is the Cotswolds water park, flooded gravel workings which are claimed to have a greater water area than the Norfolk Broads.

We took the Romantic Road, an ingenious route through quiet Cotswold lanes devised by Cheltenham Tourism. Despite finding that, even in

October, three quality hotels along the way were fully booked, on the road itself we saw more pheasants than cars. (At the Country Elephant restaurant, at Painswick, it was more pheasants than cars on the menu.)

Gloucestershire will want to keep it that way. Mr Potts says: "Our greatest asset is the natural environment, and our challenge is to encourage sustainable tourism to maintain that environment. We want to encourage visitors in the countryside to help sustain farms and village shops, but in such a way that they don't harm the environment."

He points out that the contraction of some other industries will put even more emphasis on tourism, but that it is vital that the county does not become over-reliant upon it, as have some seaside areas. Gloucestershire Tourism is now devising a strategy for the next five years, and is encouraging such activities as walking and cycling and the use of local services.

The challenge, Mr Potts says, is to have a good tourism policy under the threat of funding cuts, with no grants available to encourage tourist development, and to counter what he calls the government's "woefully inadequate" funding of tourism in England, compared with the much more generous funding for Wales and Scotland.

Overnight visitors themselves might themselves require generous funding. A couple staying, for example, in a four-poster bedroom with jaccuzi bath at the Swan Hotel at Bibury could pay £176 for one night's bed and breakfast. But Mr Potts says this type of hotel has weathered the recession better than some middle-ranking ones. This may prove that Gloucestershire must continue to trade on quality rather than mere numbers.

Villagers recognise the benefits but still want fewer tourists

One of the prettiest villages in the Cotswolds is Bourton-on-the-Water, and therefore it is one of the most popular.

For that reason, Bourton district council has carried out a year-long investigation to assess the impact of tourism and to devise a visitor management plan.

The plan's aim will be "to maximise the economic benefits of tourism to Bourton and its environs, while minimising any adverse environmental impact."

Nearly 2,300 visitors were interviewed and a questionnaire was sent to all 1,000 households, and returned by half of these.

Among the residents, the study says, "there was a general acceptance that tourism had brought benefits to Bourton, but that the village was not flourishing, merely surviving."

"This may be a reflection of local views in the light of the current recession. However, when asked how they would like to see tourism change over the next 10 years, by far the most common answer was 'less tourists'. In a way, there is a contradiction in these two views."

The study comments that the desire among locals to see fewer tourists "is a surprising statement when compared to the employment provided to local people in Bourton... The economic importance of tourism to Bourton families is undoubtedly great, but it should be better appreciated by local residents."

The survey found that fewer than one in 10 visitors stayed overnight in Bourton, 40 per cent returned home at the end of the day, and the remaining 50 per cent were touring and staying elsewhere, typically in Bath or Stratford-upon-Avon. The visitors' most popular suggestion for improvements to Bourton was traffic controls.

"From the visitors' point of view," the study says, "Bourton offers all the features we would wish to be seen as indicative of the Cotswolds, rather than a village that has lost some of its character through commercialisation of tourism - yet the more crowded it becomes, the less able they are to appreciate it."

Roland Adburgham

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The Cotswolds face economic problems

Farming jobs wither

The economy of the Cotswolds, one of the most picturesque parts of England, has been hit in recent years by two factors: changes in the structure and decline of agriculture, and a decline in defence industries.

To meet the growing problems, a Countryside Employment Programme (CEP) was set up 18 months ago, as one of three pilot schemes to help vulnerable farming areas cope with change in the 1990s. An assessment has now been made, and a package of measures proposed.

It is estimated that accelerating changes in agriculture and defence could account for at least 800 job losses in the Cotswolds over the next three years. In an area with a relatively low rural population spread thinly through dozens of villages and small towns, this will have a devastating impact on the local economy if alternative employment is not found.

The assessment, conducted for the CEP by Shankland Cox and Gould Consultants, estimates that 30 per cent of farms are likely to reduce staffing in response to changes in the common agricultural policy and other factors. These redundancies will occur mainly on large farms which are marginal for cereal production.

Over the last 10 years, the

numbers employed on farms have fallen by an average of 5 per cent a year. This is likely to continue, in addition to the impact of the EC reforms and the Gatt negotiations.

The fall-out from defence restructuring on the CEP area, which covers Cotswold district council, in Gloucestershire, and West Oxfordshire district council, will be felt through the run-down and closure of Ministry of Defence establishments and reduced defence spending. In Gloucestershire, the impact will come largely from a drop in orders to defence manufacturing companies in Cheltenham and Gloucester.

The area has experienced a sharp rise in unemployment over the last two years, and long-term unemployment is a particular problem, with 40 per cent out of work for more than six months. A third of the unemployed are in their twenties.

The aims of the CEP, a three-year programme led by the Rural Development Commission in partnership with local councils, training and enterprise councils and other bodies, is to stimulate job creation, training and community development.

This means that substantial economic adjustment is inevitable, involving the diversification of businesses, encouraging new

ones, backing innovation development and expansion, and promoting inward investment. Much of the initiative will come from the private sector, but public sector organisations will be expected to facilitate the process of adaptation and growth.

Mr Len Smith, project manager of the Cotswold CEP, says that, because there is a steady drip effect of job losses (rather than the sudden impact of a colliery or steelworks closure), few people have appreciated the scale of the local problem.

He sees the answer in a package of proposals now being developed, including diversification by farmers away from agriculture, the development of tourism, and encouragement for existing local businesses to expand.

"Emphasis is usually placed on business start-ups, but that can be an expensive high-risk strategy," says Mr Smith. "I prefer to back existing businesses that already have a track record. Job creation is quicker, and you get stability of employment."

A pilot scheme is being launched this month to subsidise employer-led training groups. It is available to all rural businesses and pays up to 50 per cent of training needs assessment.

There is also a proposal to

employ a business adviser, who would pick 30 local small businesses as potential winners and give them financial, management and consultancy help. The scheme should be launched in January.

The greatest potential probably lies in the development of tourism, where the target is to create around 1,500 jobs over the next three years. The area is already a well known tourist attraction, and parts can get crowded in the summer, but research shows that most visitors pass through en route from London or Oxford to Stratford-upon-Avon, the Midlands and the north, and that very few stay.

The intention is to encourage development of good quality accommodation, to ensure that more visitors stay in the area and spend more. Mr Smith believes there are good prospects for combined part-time jobs in tourism and agriculture. "I find that farmers can cram more cars in per acre than an NCP attendant ever can."

The plan is to extend the network of walks, cycle tracks and bridle paths, and to concentrate on short breaks and activity holidays.

Plans are also in hand for the provision of better bus services, to encourage mobility, more crèches to enable women with young children to return to work, and the development of teleworking, so that more people can work from home or in their own village.

Richard Evans

The Forest of Dean remains industrially vulnerable

Loss of aid status is a blow

The Forest of Dean, although part of Gloucestershire, is significantly detached from the rest of the county by its geography, history and economic traditions, and it has to come to terms with very different problems in the 1990s.

Unlike other parts of the county, which have an agricultural tradition, the forest has played a largely industrial role in an attractive rural setting of former royal hunting forests. Its recent history highlights the long-standing vulnerability of the local economy, which has been heavily committed at various times to industrial sectors that have performed badly or disappeared altogether.

Iroo has been mined and smelted since pre-Roman times and the coalfield was heavily exploited in the last century. In 1944, 55 per cent of the workforce was in mining and 26 per cent in steel and engineering, but both industries went into decline and the last deep pit closed at the end of 1985.

Attempts at diversification included the move by British Acoustic Films into an old brewery site at Mitcheldean. The company was taken over by Bell & Howell, the US film camera manufacturers, which in turn was acquired by the Rank Organisation. This

turned out to be a stroke of good fortune for the local economy.

Rank Xerox, formed in 1966, by Rank and the Xerox Corporation of the US, started copier production at Mitcheldean in 1989. By the mid-1970s, it was employing nearly 5,000, mostly at Mitcheldean but also at Cinderford and Lydney. In the early 1980s, came the double blow of recession and the expiry of the Rank Xerox patents. Competition from Japan was intense, and Rank Xerox was forced to cut production. Employment was down to 1,200 by the mid-1980s.

With vacant space at its 67-acre manufacturing site, Rank Xerox then created a business park and enterprise workshops, to attract a wider variety of employment. Among the organisations now on the Mitcheldean site are an electronics company and a software manufacturer.

Raok Xerox remains the largest employer with a current workforce of around 1,800. Its commitment to the forest was underlined in 1990, when the company's electronics manufacturing was relocated from Welwyn. Mitcheldean is now the company's European manufacturing centre for electronics, wiring

assemblies and fused rolls.

Rising unemployment in the early 1990s, which reached 16.3 per cent in the Cinderford and Ross-on-Wye travel-to-work areas, led to the forest receiving assisted-area status in 1984. The benefits, including regional selective assistance and access to European regional development funds, restored some confidence, and unemployment fell below 5 per cent.

But there remains a narrow industrial base, heavily dependent on the manufacturing sector and on a small number of medium-sized employers. These include Smith Kline Beecham, Engelhard Industries, Lydmet (formerly British Piston Ring), and SCA (formerly Reed Packaging). Unemployment has recently crept back above 10 per cent.

A big blow was struck to the fragile recovery last summer, when assisted-area status was not renewed. A particular worry has been the growth in the number of people having to go outside the forest area for work, particularly to defence and aerospace-related jobs elsewhere in the county. It is feared that these will inevitably be reduced as defence spending is cut.

Another fear is that, with the

loss of assisted-area status, the area will again suffer from undue "competition" provided by assistance still available across the Welsh border in Gwent.

The best hope for support now is an extension of rural-development area status northwards, to link up with a similar application from Hereford and Worcester and Shropshire for the Marches.

Mr Dick Whittington, assistant director of administrative services at Forest of Dean district council, says: "We are confident we will retain our rural development status, and hope we can extend the area, but there is no way this can compensate for the loss of assisted-area status." He sees few signs of recovery from the recession.

The structure plan for the forest, which goes to public inquiry next spring, argues that 4,500 new jobs are required by the year 2001, mainly concentrating on the three centres of Cinderford, Lydney and Coleford. But a recent study by the University of Warwick suggests that medium-term employment prospects "are at best limited, with only modest employment growth projected under the most optimistic scenario."

One area of potential growth is tourism, based on the attractive landscape, the development of many woodland tracks and bridle paths by the Forestry Commission, and the area's rich industrial heritage.

Richard Evans

Wool mill's well-knit descendants

A parable for industrial change can be found at Nailsworth, in a deep wooded valley in the south Cotswolds.

Once, there was a woollen mill, part of the local textile industry which faded. In 1879, when the mill closed, it became a fibreboard factory, employing at one time 500 people. But that market declined in the 1960s and 1970s, and this, too, closed in 1981. Then, the site became an industrial estate.

E.A. Chamberlain (Holdings), the property development company which owns and manages the Nailsworth Mills Estate, as it is now called, is run by the same family that owned the board mill. Today, there are as many people as in the mill's heyday on the 20-acre site. The estate includes a Sainsbury's supermarket, a planned garden centre, and an extraordinary range of other enterprises.

There is Phoenix Walking Sticks, which employs five people and makes umbrella handles and no fewer than 120,000 walking sticks a year, most of them for the National Health Service. About four times a year, Mr John Faulkner, its managing director, visits sweet chestnut coppices to buy the wood. The most modern piece of technology is a microwave oven used in the drying process.

A bigger employer, with 25 people, is QS (Chambers) & Polishes, which coats and polishes metals. It has a 90ft. powder-coating oven big enough to walk through, if it weren't for the fact that the temperature is 200 degrees Celsius. The company handles everything from balustrading and steel-mesh partitioning to car chassis and roof racks. Before the recession, it employed 45 people, but it was particularly hard-hit by the loss of its biggest customer.

Then there is Fluid Transfer, an engineering company which employs nearly 100 people making



Walking sticks at Phoenix

ing the vehicles which refuel aircraft. Another, Vaccar, makes milking equipment, employing 12 on the estate. A recent arrival is Plastic Engineering, set up 19 months ago by just three people. "From the moment we opened our doors it has gone off like a rocket," says director Mr David Shanon.

Another successful newcomer is Selsey Herbs, run by Gillian and Peter Wimpetis, who supply packed herbs, spices, and pot-pourri to stores and have started exporting. They say turnover doubled in 1992, compared with the previous year. When they advertised last month for someone with the esoteric skills of calligraphy to letter gift-boxes, they expected one or two applications but had no fewer than 13.

E.A. Chamberlain is headed by Mr John Chamberlain, grandson of the board company's founder. The vice-chairman is his son James, who is also director of a small Gloucestershire company recently set up to sell its own invention, the Bako Miniveyor, a portable conveyor for the building trade. E.A. Chamberlain is seeking a tenant for the estate's largest industrial unit. A 30,000 sq ft purpose-built factory, it will be alongside one reminder of past days: a still well-patronised bowling green.

Roland Adburgham

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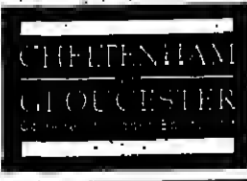
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Profile: Farmington Stone

Facing up to 'kerb appeal'

Traditional rural industries, including quarrying, have suffered a sharp decline in recent years, but one Gloucestershire company has bucked the trend dramatically. Farmington Stone, in the heart of the Cotswolds east of Cheltenham, has seen demand for its products surge. It has exported paving stones to Beirut and fireplaces to Hong Kong and Dallas, as well as supplying housebuilders and the construction industry in the UK with its honey-coloured local stone.

The quarry, part of a 1,000-acre estate, was acquired in 1902 by the grandfather of the present owner, Capt John Barrow, and run for years as a profitable but minor sideline. "It ticked along perfectly happily, with half a dozen men, waiting for people to

Growth in the sales of flagstones and fireplace surrounds means these decorative products now account for around 50 per cent of turnover

walk through the door and place an order," says Capt Barrow.

Then, in 1987 it was decided to give more attention to stone production, when European Community regulations made farmlog less profitable. The timing was ideal, because there was growing demand for stone of all kinds as the boom in domestic and prestige public building gathered pace.

Over £500,000 was invested in new workshops, offices, quarrying and processing equipment in order to increase output, improve quality and widen the product range. There are now six mobile mini production lines in the middle of the quarry.

The recent recession brought its problems, particularly in the construction industry, where contracts dried up and there were payment difficulties especially from the bigger contractors.

New markets had to be developed, and two were

specifically targeted: housebuilding and decorative products, such as paving stones, flooring, fireplaces and garden statues.

Although housebuilding went through a notoriously difficult patch, demand has soared in recent months, partly because of a general improvement in the market and partly because of a change in perceptions towards natural stone.

Mr Martin Robins, managing director of Farmington Stone, argues that builders, architects and housebuyers have had to be educated into accepting that stone, traditionally regarded as expensive, need add very little to the cost of a house. "We estimate it adds around 1 per cent but greatly increases what is called the kerb appeal of a house," he says.

"The market for stone facing has 'really taken off' in the last few months, helped by the increased influence of the green lobby and the emphasis on the use of natural products.

There has also been a big growth in sales of flagstones and fireplace surrounds through retailers and a sales force of 30, and these decorative products now account for around 50 per cent of turnover.

The limestone quarry, in use since Roman times, has sufficient reserves of good stone to last a further 50 years at the present rate of extraction of an acre every five years. But there is one big problem. "We could take on 20 more workers and run shifts round the clock for seven days to fulfil orders, but we can't get the people," says Mr Robins.

The difficulty is location. Farmington is miles from anywhere, is not served by public transport, and pays local wages for labouring work. Nevertheless, it is ironic that in a county that faces growing employment difficulties as rural and defence industries run down, the job offers have no takers.

Richard Evans

Gloucestershire Training and Enterprise Council has attracted countrywide attention for its success with the Investors in People programme, which encourages organisations to achieve a nationally agreed standard for training and developing staff.

Mr Graham Hoyle, chief executive of the Tec, which was ranked among the top 10 of England's 75 Tec's when the government published performance tables in September, describes IIP as "central and critical to our mission".

Since the IIP programme was launched two years ago, a total of 373 local organisations - including schools, colleges and businesses ranging from those with just a few staff to some of the county's largest - have dedicated themselves to achieving the IIP award. They cover about 40,000 employees - or one in five of the county's workforce.

Mr John Hazelwood, the Tec's chairman, has pointed out that the number of committed organisations is more than the total in Scotland and Wales combined. To date, the IIP award has been gained by 15 Gloucestershire-based companies, including Birds Eye Wall's, of which Mr Hazelwood is general manager, and which has the largest ice-cream factory in Europe.

The Tec expects that, by March, the number committed to IIP will have risen to 500. Mr Hoyle has an evangelical view of the programme. Schemes for the unemployed, he says, have a very marginal effect in improving the overall skills base of the workforce, and what is needed is to improve the skills of the vast majority who are in work.

"We have taken a very pragmatic approach to up-skill the county," he says. "We realised we had a difficult issue. We wanted to see the skills base

For a county, there is no substitute for having the leaders of a university, and Gloucestershire lacks one. But, all being well, by the start of the academic year in 1994, it will have.

Cheltenham & Gloucester College of Higher Education, which already has degree-awarding status, is preparing its application. To qualify, the college has to satisfy the Higher Education Quality Council that it meets the criteria for awarding research degrees and has sufficient numbers of research degree students.

It will decide before Christmas on the timing of its bid. Mr David Souther, assistant director, finance, says: "We will only apply once we are confident we are going to get it. We want to be absolutely sure in our own minds that we meet all the criteria, and then we will put forward a firm application. If a bid is made early in 1994, we could be a university by the start of the academic year."



Graham Hoyle has an evangelical view of the IIP programme

Training: the Tec's programme has received huge support

Investors in people

raised of the employed workforce, but there was no money for this from the government. The only route was to persuade employers that it was in their financial interest to invest in training their workforce."

In recessionary times, when companies are more likely to shed than recruit workers, it can be even more difficult to persuade them to spend money on training. But Mr Hoyle says there is no inconsistency in training people who might subsequently be made redundant.

"It is very, very simple. A company is making an absolute commitment systematically to develop and train its workforce. That workforce will go up and down, but IIP says that, no matter what is the company's trading position

or size, we are committing ourselves to training everyone."

A substantial part of the Tec's resources has been channelled into the programme. Of the Tec's total budget of £13.5m, it invested £750,000 last year in IIP with technical support, providing up to 50 per cent of employers' costs.

This year, the funding is, less, between £550,000 and £600,000. "A deliberate decision was made that, having created a critical mass last year, we did not need the same kind of unit cost per company to keep the programme, and that's proving to be the case," says Mr Hoyle. "We are now able to bring companies on, and start to drive them through the process, at a much lower cost than last year."

He adds: "No company is going to go down this track unless they have a pretty good feeling it will benefit them financially. It would be mad to go down that route, and to put energy into what is a demanding programme, unless there was a tangible benefit from it." He describes IIP as a statement of sound management practice - that companies need to look at their most valuable and expensive asset, their staff.

Another evangelical supporter of IIP is Ms Sam Elliott, owner of the 23-bed Grapevine Hotel at Stow-on-the-Wold and a board member of Investors in People UK, launched this year by Mr David Hunt, employment secretary, to promote the programme. She describes how gaining the award has given the

staff a heightened motivation, which has shown up in the bottom line. "In one year, we have turned our position round from feeling financially threatened in the midst of recession to being secure in the knowledge that we are controlling our present and future position in the marketplace."

Another company which has gained the award is Signet Armoflex Europe, in Gloucester, which supplies ophthalmic lenses. "We want people to be achievers," says Mr Nelson Hawkes, managing director. "If they are achievers they are happier, more productive, more able to see the company's success as their own success."

A printing company committed to the programme is Cooper Clegg, of Tewkesbury, which employs nearly 150 people. Mr Ian Cooper, its chairman, says that, despite a lack of financial support for the costs, he strongly supports the programme. "I cannot exaggerate how important I think it is in keeping people motivated."

PMC, a Cheltenham management consultancy with 16 staff, which is seeking the award, says the programme has created a "disciplined and repeating cycle" of commitment, planning, action and evaluation, which are the main principles of the IIP standard.

A much larger company which already has the award is Renishaw, the maker of precision measuring equipment, based at Wotton-under-Edge with 500 employees. "Companies should naturally look to improve their assets, and people are a highly valuable asset," says Mr John Oldham, its personnel officer. "IIP is absolutely important to help us develop in all directions. It is the basis for the future."

Roland Adburgham

College will seek university status

The college is recruiting staff with research-degree supervision experience, and providing facilities. "We also have to demonstrate a research culture, which means having appropriate programmes for development of our own staff," says Mr Souther.

"As of today, we have some 40-plus research degree students and over 30 part-time, and that's a significant increase on this time last year. It represents a shift in the balance of our student population to an increasing emphasis on post-graduate research and post-graduate students."

The college was formed in 1990, as the result of a merger between the College of St Paul & St Mary and the higher education courses of Gloucestershire College of Arts & Technology. Now, it has 5,200

full-time students, just under 2,000 part-time and another 1,000 on leisure or continuing education courses.

About 20 per cent of the total are mature students, and more than half are female. Between 30 and 40 per cent of the students come from within the county.

The college has strong links with industry, although some business people consider it weak on the engineering and science side. But Mr Souther says: "There is not a strong demand for us to produce graduates in technological and engineering subjects. The reality is that the major employers are not recruiting large numbers of these graduates."

The areas where the college regards itself as strong are in business management, computing, media, arts, fashion and

design, and in all aspects of the environment and landscape. "There is a very good fit with the economic areas of strength in the county," says Mr Souther. "We are also strong in English and history; that fits well with the strong historical sense in the Cotswold area."

The college, which regards itself as a national leader in school-based teacher training, has a vocational bias. Mr Souther explains: "Even in our academic subjects, it's an important part of our modular degree structure that we develop transferable skills for all students, so that they are able to adapt quickly to their chosen field."

As part of its expansion, the college is midway through a £30m building programme in Cheltenham, funded out of asset sales and £5m of borrowings. Two new premises were

opened this year, one for hotel and catering management, and another for work in landscape architecture. A media centre is to be opened by Mr David Puttnam, the film producer, next Thursday. A multi-purpose complex including 21 lecture rooms and a student union will open next October.

The college has a Church of England ethos, reflecting the history of the College of St Paul & St Mary, which was founded in 1847 by religious leaders to train teachers. "We very much try to have that ethos as part of the college's mission and strategy," says Mr Souther. "It is reflected in the range of courses and is why, for example, we are strong in teacher training and religious education."

"It is why we attach a lot of importance in our modular degree structure to the right of

the individual to have control over his or her course. It's why there is a strong emphasis on support mechanisms for students, such as counselling. And we try to make ourselves accessible to the whole community, rather than just being education for the privileged."

The college is in the process of launching a sponsorship and development campaign. Mr Souther says: "We are receiving very strong support in getting that off the ground from businesses, although clearly what they are looking for is being associated with a university. We expect those links to come through as the college moves towards university status."

One undecided matter is what it should then be called, although "University of Gloucestershire" or "of the Cotswolds" are obvious possibilities. The final decision will rest with the Privy Council.

Roland Adburgham



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RECRUITMENT

JOBS: Readers' explanations of practical skills range from life after death to pulses in the brainbox

Working in a worrying wonderland

"Curiouser and curiouser," cried Alice in wonderland. More curious still is that the Jobs column seems to have joined her without doing anything unusual such as following rabbits down holes or drinking strange potions (other than those prescribed for the Beijing flu).

All I did was ask you readers a practical question about the most everyday of topics: to wit, how do you do your work?

That was 10 weeks ago, and 128 of you have kindly replied from 14 countries, citing experience in a great variety of jobs. The snag is that the answers often just deepen the mystery my question was meant to clear up. Indeed, some of your explanations of how skilled work is done are literally out of this world. An example is the reply from Switzerland saying: "The key to this phenomenon is reincarnation."

The question certainly seemed down-to-earth on the day it was asked, even though the work you readers do is of a complex mental kind. Ironically, I was expecting most of you to confirm that the way you actually use your mental skills is less complicated than we are led to suppose by a notion evidently underpinning the bulk of conventional education. And

while the fact that you've largely done the opposite may serve me right for being presumptuous, I do wish you hadn't. In that case, what follows would have been plain sailing - just a summary of your practical explanations, contrasting them with the said educational notion.

But now you have brought reincarnation and the like into the act, some philosophy is unavoidable. So let's start with the proposition that there are different kinds of knowledge, of which two in particular form the main focus of academic curricula.

One kind is factual: knowing that something is so. The other is the explanatory sort: knowing why something is so. For ease of reference, both the know-that and the know-why sort can be lumped together as know-about - which brings us back to the educational notion.

It is that operations requiring mental ability consist of two separate stages. First, we think out what to do, using know-about to form an intellectual plan of the actions that need to be taken.

Second, having drawn up the plan in our heads, we carry it out in practice.

Now that is clearly far from always the case. For example, we all know that it is possible to ride a bicycle, so being more clued-up than Dr Johnson who apparently refused to believe it. Moreover, those of us who also know why it is possible would be better equipped than his contemporaries to persuade him he was wrong to see it as the equivalent of lifting oneself up in a huckster.

But possession of both the know-that and the know-why would not be enough to enable someone to ride a bicycle. That requires know-how, which is different. It strikes me that what applies to bike-riding applies to most kinds of skilled work. And the same view happens to be shared by about 70 per cent of you who replied. The trouble is that you differ radically in your beliefs about know-how's nature, being split into three main camps.

One is the pure intuitionists for whom know-how ranges from indefinitely intricate to plumb

mysterious. While few go as far as the Swiss reincarnationist, a good many come close, especially in their account of creative skill. To them, its essential source is not in any individual head or body, but in a universal, supra-human, invisible intelligence. In support, one camp member has sent proofs from a book to be published next year by Blackwell, which cites a study of the use of intuition by 1,312 managers in nine different countries.

At the other pole are the grey materialists, who see know-how as rooted in the pulses of the flesh, particularly the hit in the brainbox. Although less expansive than the intuitionists' accounts, their views are more testable. What's more, they have the broad backing of an authority in the field, neuropsychologist Tim Shallice of London University.

He says the latest scanning techniques have already traced the networks of brain cells responsible for numerous "sub-components" of mental action, such as ability to recall short lists of words. Some of the processes,

however, are intelligent without being conscious. An example is "blindsight", by which certain people partly blinded by illness can not only detect but precisely locate a purely visual stimulus they cannot physically see.

Professor Shallice expects that in 20 years or so we will have a brain map of all the main mental functions. But even if we do, it won't solve the ultimate question of why they operate intelligently.

Hence there would seem to be still room for incorporeal if not unearthly influences of the sort favoured by pure intuitionists. To which my response, as perhaps befits a scared sexagenarian, is agnostic. After all, though such postulations seem improbable, there is no conclusive evidence to hand that disproves them.

The only one of the camps I feel able to refute is the smallest: 37 readers who think know-how essentially the same as the know-about taught in schools. The sole reason why our practical skill often seems intuitive, they say, is that we have so deeply absorbed the know-thats and know-whys

which compose it as to have forgotten we ever learned them.

My disagreement is on two grounds: real-life experience and an observation made a century ago by the American pragmatist philosopher William James. It is that a distinction between two kinds of knowledge is recognised by several languages other than English. One sort is intellectual know-about - *wissen* in German, for instance. The other is *kennen*: direct knowledge as exemplified in knowing another person.

The related experience came in August when with Pam, my wife, and our 34-year-old son Jon, I was sailing our Holman sloop Malaguana from Dartmouth to the Exe. The wind was moderate but tricky and the tide unfavourable. If anything worsening with time.

I've done a fair deal of sailing, and helmed for the first hour. At the end we'd gone 3½ miles, but 20 degrees off the ideal course.

The second hour was steered by Jon, who has thousands of sea miles behind him, hundreds of them in Malaguana. He too firmly grasped the stout wooden

tiller, though with a lighter hand than mine, and managed 4 miles no more than 10 degrees off line.

He then persuaded Pam to take over, which she resisted because she has done hardly any helming except on a previous sail alone with Jon. Nor has she any time for, let alone knowledge of, the theory of sailing. Instead of grasping the tiller, she just rested one finger on it... and achieved 4½ miles dead on course.

"Isn't it sickening?" Jon said. "She out-sailed me last time too." Asked how she did it, she said: "I can feel with my finger when the boat's going at her best. So if she falls off, I just nudge her gently about till she's happy again."

That is plainly a case of James's direct knowing. What's more, on reflection, I find the same provides a more fitting explanation than know-about of my way of writing. The salient difference is that, whereas Pam "feels" the boat, I "hear" the English language. So it may be that the main root of know-how is unusually sharpened senses.

True, there is not much hard evidence to support my theory either. But at least it's simpler than reincarnation.

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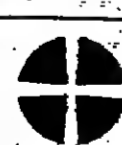
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QUALIFICATIONS

- Well presented, organised individual of graduate calibre, probably late twenties to early thirties.
- Registered Representative and MSI qualified with at least five years experience of private client fund management.
- Must be a team player and good communicator ideally with developed presentation skills.

Please send full cv, stating salary, Ref M4609
NBS, 54 Jermyn Street, London SW1Y 6LX



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NORTH YORKSHIRE HIGHLY ATTRACTIVE PACKAGE**Corporate Finance**

This is an exceptional opportunity to play a key role in the further development of this highly successful private investment business. With responsibility for a substantial and growing fund, the company is poised to enter an exciting new phase in its development.

Reporting to the Managing Director, you will be a proactive member of a small team providing advice on acquiring, monitoring and disposing of a variety of investments including properties held as trading stock and investments in unlisted companies. Of key importance will be the area of business development including identification, investigation and appraisal, and subsequent acquisition of investments to enhance the existing portfolio.

Probably in your thirties, of graduate intellect and ideally professionally qualified/MBA, you must be able to demonstrate

sound skills in financial analysis and appraisal and be able to communicate effectively. A self starter and highly innovative individual, you will need to possess a resourceful and adaptable style in order to thrive in this hands on and team orientated culture. Remuneration will not be a limiting factor for the right individual.

Please send full personal and career details, stating companies to which details should not be forwarded, in confidence to Angela McDermott, Coopers & Lybrand Executive Resourcing Ltd, Albion Court, 5 Albion Place, Leeds LS1 6JP, quoting reference 280 AM.

Coopers & Lybrand Executive Resourcing

TRAINEE PARTNERS

Limited positions for ambitious individuals to work within specialist team of an Associate to a major world-wide organisation.

Full training with potential for partnership and profit-share within 12-18 months.

Suitable for experienced Graduates and Professionals.

For further details,
please call:
John Kilburn-Toppin
071-240 4942

COMPLIANCE OFFICER

City

c.£30,000 + benefits

Our client is the investment management arm of a prestigious and long-established international trading concern. Since the company's inception in 1986, it has grown significantly - both organically and by acquisition. It specialises in providing discretionary fund management to both private clients and institutions.

In view of the company's growth and plans for expansion, it is seeking to recruit an experienced compliance officer to take responsibility for all regulatory matters, including the provision of staff training and support for fund managers and administration staff. The compliance officer will be the key point of contact with IMRO on all regulatory matters.

Reporting directly to the Finance Director, the compliance officer will maintain close contact with administration, IMRO and fund managers.

Ideally aged 28-40, candidates will be graduates with an accountancy, legal or regulatory background. They must have at least three years' experience of working in an investment management environment. An eye for detail and the ability to develop with the company are essential requisites for this new and challenging role.

Interested candidates with the relevant experience should send a curriculum vitae, in strictest confidence, to Carol Jardine, Managing Director, Whitney Selection, 17 Buckingham Gate, London SW1E 6LB, quoting reference WVS/112/1.

WHITNEY
SELECTION**FUND MANAGEMENT**

We are continuing to see excellent opportunities for high calibre institutional Fund Managers. Our clients are seeking those with expertise in the following markets:

UK EQUITIES
SE ASIA EQUITIES
EUROPEAN EQUITIES
EMERGING MARKETS
MULTI-CURRENCY FIXED INCOME

Depending on experience, likely to be a minimum of 3 years, salaries will range from £30,000 to some £60,000 depending on the particular position.

If you are looking to make a career move and would like to discuss these or other opportunities...

... please contact Martin Symon, in strict confidence, at the address below.

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 2 New Street, London EC2M 4TP Telephone 071-625 1266 Facsimile 071-626 8259

JONATHAN WREN EXECUTIVE

ASSISTANT FAR EAST FUND MANAGER

Develop a career in Far Eastern Fund Management with a major international house.

John Govett & Co. an innovative City of London and international investment house is searching for a new fund manager to assist its market-leading Far Eastern investment team.

Prior Far Eastern equity fund management experience is not essential although we do require one or more years investment experience, a personable nature, and a determination to succeed. Candidates are likely to be in their mid twenties.

Managing around £1 billion, our Far East Desk has an enviable investment performance record. If you have the experience and expertise necessary to join this winning team please write to me at the address given.

**Investment Research**

Age 24-30

Cazenove & Co. is the only major UK stockbroker to have remained an independent partnership. The firm plays a leading role in raising equity and long-term debt finance for British industry. It also has a significant overseas business and, following an extensive participation in the UK's privatisation programme, is increasingly involved in overseas privatisations.

The firm has a substantial commitment to investment research with the UK team providing sector expertise as part of the UK broking business as well as in support of the overseas departments. Members of the team keep in close contact with a wide range of companies and offer investment advice to fund managers in the UK and around the world.

The continuing development of the firm's business has created a small number of vacancies in the UK research department. Applicants, who must possess communication and analytical skills and who may be in City-related occupations, industry, commerce or the professions, should contact:

Jack Courts at Career Plan Ltd., 33 John's Mews,
London, WC1N 2NS. Tel: 071-242 5775.
Fax: 071-831 7623.

Career plan

Personnel Consultants

TREASURY RISK MANAGER

Leek, Staffs

c. £40,000 + Car + Benefits

A high profile opportunity has arisen at Britannia, one of the UK's top ten building societies with assets of £105 billion, for a highly professional Risk Manager to join the Treasury department.

Reporting to the Deputy Treasurer, you will be responsible for the effective management of all interest rate, basis and currency risk both for treasury operations and for the Society's balance sheet. This will require an in-depth knowledge of a range of risk management instruments, including swaps, forward rate agreements, options and futures, together with the ability to utilise innovative techniques and applications to minimise risk and maximise profitability.

With at least three years senior treasury experience you will be expected to make a valuable contribution to the Society's Asset and Liability Committee, which formulates key decisions regarding the balance sheet. Professional credibility and high level communication skills will therefore be essential. Highly numerate and well versed in relevant computer systems, applicants should be graduate calibre and professionally qualified, with the ambition and drive to realise the potential of this opportunity.

If you feel you have the skills and experience we are seeking, we are offering you the chance to be a key player within a small, high profile team whose contribution will impact directly on the future of the Society. A highly competitive salary, full financial sector benefits package and generous relocation assistance will be offered to the right individual.

The first stage will be to apply with full CV to: Philippa Harrison, Personnel Controller, Britannia Building Society, Head Office, PO Box 20, Britannia House, Leek, Staffs. ST13 6RG.

Closing date: 8th December 1993

Britannia Building Society

Working Towards Equal Opportunity



Member of The Securities and Futures Authority

FINANCIAL INSTITUTIONS GROUP INSURANCE SPECIALIST

An unusual opportunity to join an innovative market leader
Salary commensurate with experience

Chemical Bank is a broad based Global Bank with first class trading skills and investment banking flair, enjoying a commercial banking reputation.

With net income for 1992 in excess of \$1 billion, a strong capital base and a rising credit rating, the bank is a major force in international banking. Chemical is a leading provider of corporate finance services to the UK/European insurance sector, ranging from completed cross-border M&A transactions to identifying and implementing bespoke solutions to meet client needs.

The position reports to the Head of the Group and will be responsible for marketing the full range of corporate finance products to clients in a highly competitive environment. Transactions are complex, requiring considerable development time and close management of pricing and credit approvals. In addition, the

position demands the development of relationships to enhance product trading capabilities and the use of value added products. Candidates must have extensive experience in the insurance market, with particular knowledge of credit issues relating to the provision of products and services to this sector. Also required is the ability to analyse and value insurance related organisations, as well as identifying and structuring solutions, primarily for our broad client base. A good understanding of the corporate finance market is essential, together with the ability to work creatively, both independently and as part of a team. A foreign language is desirable.

Applicants should apply in writing, including a full curriculum vitae to Mel Northfield, Human Resources Manager, Chemical Bank, 125 London Wall, London EC2Y 5AJ.

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please call:

Gareth Jones on
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Andrew Skarzynski
on
071 873 3607

Director of Operations & Finance

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City

A challenging position responsible for supporting a combined private banking and securities broking business in a leading international banking group.

THE BANK

- Very well resourced bank with major offshore operations. Strong balance sheet and excellent reputation.
- Full London service branch incorporating growing private banking stockbroking/fund management activities. Sound structure and systems in place.
- Committed to upgrading operating, financial and back office performance.

THE POSITION

- Merge and manage back office/operations areas of bank and broker. Responsible for IT and personnel.
- Lead financial planning, monitoring and reporting. Contribute to formulation of business plan. Review settlement systems.

- Maintain quality of middle office services. Control costs.

QUALIFICATIONS

- Experienced operations and finance manager from top quality City institution. Probably qualified accountant.
- Systems, settlements and IT knowledge. Cost control. O & M and personnel experience ideal.
- Leader with presence and flair to drive change to enhance service/efficiency. Tenacious and hands-on.

Please send full cv, stating salary, Ref BM4570
NBS, 54 Jersey Street, London SW1Y 6LX

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appears every Wednesday
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071 873 4027
for advertising details.

Senior Investment Manager UK Equities

Our client, a major City-based asset management firm, offers a unique opportunity for a talented and experienced UK equities professional. This exceptional individual will have responsibility for leading the UK stock selection process for funds in excess of £4 billion held across a range of product portfolios. It will involve the direct management of funds with an emphasis on the 200 largest market capitalisation stocks, as well as the supervision of a number of specialist fund managers.

Candidates are likely to be in their mid-thirties and should possess the combination of flair and professionalism required to produce

consistently superior performance in varying market conditions. They will have gained at least seven years' experience in the successful management of UK equities and be looking for the opportunity to join an ambitious company at a senior level. The compensation package will be competitive and includes a substantial performance-based element.

If you would like to be considered for this appointment, please write in complete confidence to:

IMR Recruitment Consultants,
No. 1 Northumberland Avenue,
Trafalgar Square, London WC2N
5BW (tel: 071-872 5447).

IMR

INVESTMENT MANAGEMENT RESOURCES

Fund Managers/ Investment Analysts

- UK Equities
- Japanese Equities
- Far East Equities
- UK Corporate Bonds

Glasgow Based

Britannia Life has grown rapidly over the last few years both by increased sales and acquisition such that funds under management within its investment subsidiary are now approaching £2.5 bn.

The outstanding performance of Britannia Life's investment team, recognised by a number of awards including the top performing corporate pension fund and top placings over the short and long term in the various UK league tables, has been a major factor in the company's growth.

As a result of this growth several career opportunities have arisen for professionals of the very highest calibre.

Japanese and Far Eastern equity investment previously managed externally, is to be brought in house with the establishment of a Japanese/Far East Equity Team. We are also seeking to expand the UK Equity and Fixed Interest Teams.

To be a candidate, you will have around 2-5 years relevant experience and professional training in investment analysis combined with the ability to work in a team environment.

In return, you can expect an attractive salary and generous benefits package.

Please write enclosing a comprehensive C.V. to Catherine Kilpatrick, Personnel Officer, Britannia Life Limited, Britannia Court, 50 Bothwell Street, Glasgow G2 6HR.

CHANGE
FOR THE BETTER

Britannia Life

International and Domestic Corporate Finance Executive

Prestigious international bank, based overseas and primarily focused on offshore financial services. UK activities comprise retail and corporate banking, investment management, domestic and international corporate finance. UK office is senior provider of corporate advice across entire group.

THE POSITION

- Generate, analyse and transact UK and international corporate finance.
- Maintain relationships with clients and, on their behalf, with investors, relevant Stock Exchanges and other regulators.
- Contribute to development of overseas Stock Exchanges.
- Assist international offices with corporate finance transactions.

QUALIFICATIONS

- Qualified accountant. Experience with major firm, plus secondment to London Stock Exchange or similar preferred.
- Age c.30. Experience of work overseas.
- Experience of marketing, structuring and leading transactions and dealing with Regulatory Authorities.

Please send full cv, stating salary, Ref M4773, NBS, 54 Jersey Street, London SW1Y 6LX

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DERIVATIVE PRODUCTS c.£50-500,000 LONDON/NEW YORK/HONG KONG

Our client is a leading UK bank and in response to increasing client demand to lower the cost of raising capital, manage risks, and enhance asset returns, has authorised a major capital commitment to increase its capabilities in the global derivative products market.

We are seeking in contact experienced individuals for the following positions:

1. Senior Risk Managers
2. OTC Options Traders
3. Currency Swaps & Options
4. Interest Rate Swaps & Options
5. Sales and Distribution
6. Financial Engineering

Interested applicants should contact either Tony Justice or Ann Williams on 071-438 9786. Confidential fax: 071-588 2942 or write to them at: 6 Broad Street Place, London, EC2M 2JH.

THE ZARAK HAY PARTNERSHIP

CAL FUTURES LIMITED

Are you restricted by large company mentality? If you are looking for a challenging and rewarding career in financial futures, foreign exchange or fund management and have a minimum of two years experience, call Mr. Baber on 071-329 3333 or send your curriculum vitae to:

CAL Futures Limited, 162 Queen Victoria Street,
London EC4V 4BS.

OPERATIONS MANAGER c£55,000 + Banking Benefits

Our client is a well established international bank. They are experiencing a record year and in order to effectively manage expansion plans, an experienced operations manager is sought. The role will be a varied one, with overall responsibility for cash control, all back office areas, systems development and implementation. The ideal candidate must be a proactive manager with a proven track record in banking operations. Previous experience of change management would be of interest. Candidates must be self-starters with excellent communication skills.

Interested applications should send their CVs to Helen Highet.
Covering letters should detail current salary
and a day time telephone number.

Jonathan Wren & Co. Limited, Financial Recruitment Consultants
No. 1 New Street, London EC2M 4TP Telephone 071-423 1266 Facsimile 071-426 3229

JONATHAN WREN EXECUTIVE

CARL BRO GROUP

In connection with the further expansion of the Carl Bro Group's activities in Central and Eastern Europe and the CIS, we seek consultants for long term assignments for present and up-coming projects.

REQUIREMENTS:

- Master's Degree or equivalent in economics.
- Minimum 10 years of postgraduate experience, including international development projects.
- Knowledge of EEC procedures.
- Experience in aid programming and evaluation, sector studies and project monitoring, aid coordination and management, training.
- Experience in financial services, privatisation, restructuring.
- Specific experience in regional planning would be an advantage.
- Fluency in English - plus working knowledge of one other major language, preferably Russian.
- European nationality.

Interested candidates are invited to submit their applications, including detailed curriculum vitae, preferably by fax Carl Bro International Ltd
Consulting Engineers and Planners
Att.: Fredrik Pittner-Jorgensen
Grankoven 8
DK-2600 Glostrup
Denmark

Telephone: +45 43 96 80 11 Fax: +45 96 85 80

The Carl Bro Group is a large international consulting engineering and planning company (staff 2,100) based in Denmark. The company is a multidisciplinary group of companies undertaking a broad spectrum of assignments. The company's approach is international and it normally integrates technical, social and economic aspects.

Japan/Pacific Basin Fund Manager

An attractive opportunity to manage a diverse portfolio

Our client is one of the world's largest and most successful insurance companies. An opportunity has now arisen in London for an experienced Fund Manager with a knowledge of the Far Eastern equities market to play a key role in developing our client's investment approach.

Reporting to the Investment Manager, the Far Eastern Equities Fund Manager will be responsible for the management of funds invested in a range of Far Eastern equities. The individual will be responsible for all Far Eastern markets, including Japan, Pacific Basin and Australia.

The successful candidate, probably a graduate,

must have at least five years fund management experience. Individuals must have a constructive approach and be team players. Additionally, they must be self motivated and have the presence to represent our client in a professional manner. Ideally, candidates will have an in-depth knowledge of both the Japanese and Pacific Basin markets, including the newer emerging markets.

For an initial confidential discussion, please call Elizabeth Bancroft or Paul Wilson or Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH. Telephone: 071 831 2000. Fax: 071 405 9649.



Michael Page City

International Recruitment Consultants
London Paris Amsterdam Düsseldorf Sydney



Supervision of Retail SROs

A new department is being set up within the Securities and Investments Board (SIB) to supervise retail SROs, initially FIMBRA and LAUTRO and later, if successful, the planned new Personal Investment Authority. Supervision has the purpose of ensuring that an SRO is providing adequate investor protection and that it is meeting its statutory obligations and the operational standards set and agreed with SIB.

This is an important appointment in the governance and regulation unit of the department. The successful candidate will liaise closely with the head of the unit in understanding and evaluating the SRO's performance against its objectives and standards and the appropriateness and adequacy of its policies for regulation of its members.

The role will entail developing a thorough knowledge of the SRO's contribution to the design and evolution of information flows between the SRO and SIB; reviewing regulatory performance against standards;

identifying areas of weakness or shortfall and initiating enquiry and/or remedial developing and maintaining working relationships with the SRO and contributing to the work of other SIB departments in the setting and monitoring of regulatory standards for investor protection.

Applicants should be of graduate calibre possibly with a professional qualification and preferably experience gained in a regulatory environment. Personal attributes include the aptitude for critical analysis, good oral and written communication skills and the ability to provide concise, focused reports. Team play is essential as are the personality and skills to promote good working relationships with other regulators.

Interested applicants should in the first instance contact Anna Williams to request an information pack at Michael Page City, Page House, 39-41 Parker Street, London WC2B 5LH or call her on 071 831 2000.

Closing date for applications: 10 December 1993.



Michael Page City

International Recruitment Consultants
London Paris Amsterdam Düsseldorf Sydney



Rochester Partnership Ltd
Garrard House
31-45 Gresham Street
LONDON
EC2V 7DN

Telephone: 071 600 0101
Facsimile: 071 796 4255

Derivative Products Client Services

A unique opportunity to gain a wide variety of direct experience with many of the world's leading investment banks.

Our client is one of the fastest growing US providers of derivative software systems to the international financial community, particularly investment banks, covering swaps and associated derivatives.

It seeks two young professionals for its London office to provide pre and post sales support to traders and systems managers in conjunction with the company's sales and technical development teams within Europe.

Successful applicants will be able to demonstrate:

- practical experience of derivative markets and the applications of these products, good system knowledge and possibly programming experience.
- good marketing and presentation skills, mathematical/analytical ability and a good degree.

This experience is most likely to have been gained from one to three years in the front or middle office of a major swaps/options house or other relevant financial services background. European languages would be an advantage.

A competitive remuneration package is offered with these positions.

Please send a detailed curriculum vitae, quoting reference MH9580, to: Rochester Partnership Limited, Executive Selection Consultants.

RESEARCH AND SALES

Our client, a leading London securities house with a long standing involvement in the South African market, is looking for an experienced Analyst to join the department which is developing this rapidly changing investment business.

You will be responsible for encouraging new and existing clients to consider investment in South African securities – a task that calls for a detailed knowledge of the South African economy, its stock market, and the variety of companies operating in the country. You will also need a keen insight into South African political developments and their likely impact on investor attitudes to the stock market.

Along with this specialist knowledge, you must be familiar with a broad range of industries and work well as part of a small investment team.

To apply, please send a copy of your C.V. to Karina Sevenoaks, Consultant, Austin Knight Recruitment, 20 Soho Square, London W1A 1DS quoting reference AS76.

Austin Knight supports equality of opportunity in employment.

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ADVERTISING • RECRUITMENT • COMMUNICATIONS

FLEMINGS PACIFIC REGION INVESTMENT MANAGER

Fleming Investment Management is seeking to appoint an experienced Fund Manager to join the Pacific Region Team to assist in the management of unit trusts, investment trusts and pension fund portfolios. The team invests in all the markets of the region other than Japan. Key responsibilities will include:

- Managing specialist country/regional portfolios
- Research coverage for various countries
- Contribution to regional asset allocation strategy

Candidates will probably have at least 5 years' investment experience with a proven track record and detailed knowledge of the Pacific Region. Ability to work effectively in a team environment is essential.

A competitive salary will be negotiated and a first class package of benefits will be provided.

Please write, enclosing a full cv and details of your current remuneration to:

Marianne Montgomery,
Personnel Manager,
ROBERT FLEMING & CO. LIMITED,
25 Cophall Avenue, London, EC2R 7DR.

C.F.M.

Compagnia Finanziaria Mobiliare, S.A.

Agent de Change

C.F.M. sa, involved in financial brokerage on the European market seeks for its office in Luxembourg

A EUROBOND TRADER

Candidates between 25 and 30 years of age, with at least 3 years experience in the sector and who have strong determination and orientation to rapid professional growth should send a curriculum vitae to:

CFM
Mr Jean-Luc JOURDAN
Managing Director
10, avenue de la Liberté
L-1930 LUXEMBOURG
Tel: 40.37.20

EMERGING MARKETS

ECONOMIST/EDITOR

Business Monitor International (BMI), a rapidly expanding publisher of specialist business information on global emerging markets, requires full-time economist to write and edit forward-looking reports covering political risk, macroeconomic performance and the business environment in Latin America, Asia-Pacific, the Middle East and Eastern Europe. At least four years relevant work experience, concise writing style, editing experience and forecasting expertise are essential. Competitive salary.

FREELANCE ECONOMISTS

BMI also requires freelance economists to write forward-looking monthly and annual business reports on:

Latin America, Middle East, Eastern Europe, China and India

Send CV & work samples to:
Kevin Grace, BMI, 56-60 St John Street, EC4M 4DT.
Tel: 071-608 3646 Fax: 071-608 3620



HW Consulting - Prospective Partner

Haines Watts Slough, the largest office of a national association of Chartered Accountants and Business Advisors, specialising in servicing owner-managed businesses, wishes to recruit a managing consultant to lead their newly launched consultancy practice.

This newly created role will require a forward thinking, commercially aware person to spearhead and develop the management consultancy including the recruitment of consultants, developing a range of consulting services to new clients obtained by the consultancy in order to be both a growing enterprise and self-funding organisation.

The successful candidate will be able to demonstrate a proven record of ability in establishing a successful management consultancy, obtaining new business and possessing the right commercial skills. Remuneration, with profit related incentive scheme, by negotiation.

Applications with Curriculum Vitae to David Griffiths, Senior Partner, HW Consulting, Sterling House, 165-175 Farnham Road, Slough, Berkshire SL1 4UZ.

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RECRUITMENT CONSULTANTS GROUP

2 London Wall Buildings, London Wall, London EC2M 5PP
Tel: 071-588 3588 or 071-588 3576
Fax No. 071-256 8501

Our client is a growing German Bank who is opening a new branch in London and has the following openings. Knowledge of German will be a strong advantage.



CREDIT DEPARTMENT MANAGER

CITY GERMAN SPEAKING £40,000-£50,000

Open to Credit Managers with at least 3 years' practical credit control experience within a major bank or allied area. Responsibilities will cover documentation, co-ordination on drafting agreements, credit appraisal on all new large proposals including syndicated lending, obtaining Head Office approval and presentation of loans to the Board of Directors. Ref. CDM4928/FT

CITY DEALER £35,000-£50,000 + Bonus

Minimum of 2 years' dealing experience in FX/MM in the major currencies. The successful candidate will be responsible for dealing particularly in DM and be expected to help build a successful team. Knowledge of IRS and FRAs is important. Ref. D4929/FT

CITY BANK ACCOUNTANT £30,000-£45,000

Open to Accountants aged 35-45, with a good knowledge of international bank accounting and Bank of England reports. Experience with German accounting helpful. Responsibilities will cover total accounting and financial control, including reporting on the Bank's Treasury function, budgets, forecasts, with knowledge of MIDAS system an advantage. Ref. BA4930/FT

TREASURY SETTLEMENTS MANAGER

CITY BACK OFFICE £30,000-£35,000

Minimum of 3 years' experience. Will work in co-ordination with the Treasury handling settlements, confirmations and payments, covering all major currencies. Knowledge of securities settlement will be a bonus. Ref. TSM4931/FT

CITY SECRETARY £20,000-£24,000

The successful applicant will be fluent in German and, working on own initiative, will look after the work of the two Heads of the Branch, both in a secretarial and administration capacity. Experience with Lotus 1-2-3, Ami-Pro for Windows would be an advantage. Ref. SCM4932/FT

All the above appointments carry attractive benefits of subsidised mortgage, pension, life assurance and free medical insurance. Applications in strict confidence quoting the appropriate reference to the Managing Director, CJA.

FIXED INCOME SALES

Our client is the securities arm of a leading Northern European bank. As one of the region's leading primary houses, they have an unrivalled reputation in the secondary market and wish to expand their bond sales desk in London.

Candidates should be graduates, in their late 20s with 3 to 5 years experience of selling international fixed income products to UK institutions and have a particular interest in the Northern European bond markets. With proven sales ability and strong self motivation they are now likely to be seeking the greater scope and earning potential of joining a smaller, but highly successful, dynamic team.

For an initial discussion in confidence please contact us, quoting reference 4842, at 20 Cousin Lane, London EC4R 3TE. Telephone 071-236 7307, or Fax 071-489 1130.

STEPHENS SELECTION

A PART OF STEPHENS CONSULTANCIES
London Edinburgh New York Hong Kong



Challenging position at Citibank (Switzerland)

We are a leading international Bank and have an interesting career opportunity in

Custody Sales Marketing

In this position you will be responsible for handling the sales and marketing of custodial services to banks, insurance companies, fund managers and pension funds based in Switzerland. The candidate will join an established successful group and will be trained to take over the team leadership of this growing product area.

The following experience is essential for the successful candidate:

- proven track record in custodial sales and marketing
- at least 3 years experience in a similar position
- management of an own sales budget and client acquisition
- proven track record of client contact at a senior level
- experience in the Swiss financial institutions market, would be an asset
- languages: English and German, French/Italian would be an asset
- University degree or equivalent education

Please submit your application and Curriculum Vitae in confidence to:

Citibank (Switzerland)
Walter Hiltbrunner, Senior Personnel Officer
P.O. Box 244
Seestrasse 25
8021 Zurich

Office of the Rail Regulator

Unique opportunities in a challenging new regulatory process

The Railways Act 1993 establishes the framework for a new structure for the railway industry.

An independent Rail Regulator will shortly be appointed with a key role in helping the new structure work fairly and effectively.

The Regulator's main functions will be to license all operators and to approve the terms on which they will gain access to the rail network, operated by a newly established Government-owned company, Railtrack.

The objectives will be wide ranging and will include protecting the interests of users, promoting efficiency and promoting competition within a safe environment. We are now looking for a group of exceptionally talented individuals to form the core team in the new Office of the Rail Regulator.

This team will need to build on a wide range of backgrounds and skills from both the public and private sectors. There is a unique opportunity to become involved at the outset in a challenging new regulatory process.

Chief Economic Adviser

up to £57,000

You will be a recognised authority in the new field of economic regulation of railways. You will need to be an innovator in a largely undeveloped field. You will be responsible for managing a high quality economic advisory service covering all aspects of the Regulator's functions, but in particular for the regime of economic regulation of Railtrack. You should be an established microeconomist and have experience of leading a team of economists working in a commercial or public policy environment. Ref. 8/2027/1.

Economic and Financial Analysts

up to £41,000

You will be part of a team reporting to the Chief Economic Adviser. We are looking for expertise in the following specific areas: Regulatory Economics, Econometric Modelling and Statistics, Financial and Accounting Advice. The issues will be challenging and intellectually difficult. We are looking for highly qualified professionals who have already shown that they are capable of working on demanding policy issues. Ref. 8/2027/2.

Director, Freight Regulation

up to £49,000

You will be a key figure in the regulation of the freight industry. Your primary challenges will be the licensing of freight operators and regulation of the terms on which they gain access to Railtrack's network. You will be expected to exercise sound judgement in an intellectually demanding and commercially important area. You will need to be knowledgeable about, and have substantial experience of freight operations in the UK. Ref. 8/2027/3.

Technical Adviser

up to £49,000

You will be the Regulator's expert adviser on all railway technical matters. You can expect to provide advice and to commission reports on a wide range of operational issues including safety, timetabling, ticketing and various technical matters. You will need to be both authoritative and independent. You should have a solid background in railway operations coupled with a lively imagination as to the opportunities for change. Ref. 8/2027/4.

Assistant Director, Consumer Affairs

up to £49,000

Your major responsibilities will be to give renewed direction to the Users Committees which are to be reconstituted to speak up for consumer interests; and to develop consumer affairs policy, including a code of practice for disabled passengers. You will also have overall responsibility for the efficient handling of individual complaints, including the arrangements which Users Committees have for dealing with them. You will have managerial responsibility for up to 40 staff and will be expected to develop good working relationships with operators and users groups and to explain the policies of the Rail Regulator to these and other interested parties. Ref. 8/2027/6.

Other Senior Appointments

up to £41,000

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Handwritten note: 27/11/93

Standards setters try to hammer out differences

Kate Atchley reports on encouraging signs of a move towards harmonisation of financial reporting

The third annual meeting earlier this month of standards setters from around the world highlighted some important lessons in the changing attitudes of international accounting across borders.

Representatives from 16 developed countries as well as the International Accounting Standards Committee (IASC), the EU and the European Accounting Federation (FEF) gathered in London following previous meetings in Brussels and New Jersey.

Harmonisation of standards was not formally on the agenda, but one underlying purpose was to curb further diversity in financial reporting.

David Tweedie, chairman of the UK's Accounting Standards Board (ASB) and the conference host, suggested that the IASC conceptual framework would provide a useful basis for analysing accounting issues.

However, he implied that some countries were seeking "ideal standards" and greater convergence in reporting might emerge by these countries taking the lead and influencing others.

This reflects Tweedie's belief that good accounting will be achieved by clear-thinking pioneers of new practices. It represents a challenge to the IASC, which has traditionally been represented by senior members in professional bodies and has been tied by the need for consensus.

The discussion and presentations, which took place over two days in London, displayed just how wide are the differences in the objectives of financial reporting around the world.

While the function of accounting is perceived as serving different needs

in different social and economic environments, agreement on individual issues is hard to secure and harmonisation remains an uncertain goal.

Nevertheless, the atmosphere is changing. Compared even with last year's gathering, sponsored by the US Financial Accounting Standards Board (FASB), the mood was subtly different. Only the delegates from FASB itself seemed entirely at ease with the debate format, but most participants were more relaxed and showed a surprising willingness to drop their defences and discuss issues on a conceptual basis, sometimes in sharp contrast to the principles adopted in their own jurisdictions.

The agenda contributed to the emphasis on concepts. Most of the first day was taken up considering a number of simple case studies appended to a substantial paper on Accounting for Future Events. Introducing the paper, Jim Leisenring, FASB deputy chairman, said that his organisation, and the standards setters in Australia, Canada, Britain and the IASC all shared very similar conceptual frameworks but none the less entered into "some heated debates" over the issues involved.

One case study was of a retail store which paid out \$30,000 on a single injury claim from a customer in three years and had decided, on the basis of past experience, to charge \$10,000 each year as a "self-insurance" expense, recognising that a corresponding liability would grow while no claims arose.

Participants were asked to consider whether this store should recognise this "self-insurance" liability in its

accounts. Seven argued that it was a general business risk and should be accounted for only as and when the expense arose. Five were adamant that there was a liability and it should be recognised.

Geoffrey Whittington, academic adviser to the ASB, said accounts were supposed to state the position at a point in time and the liability should be recognised only when a risk had occurred. Herman Marselle from the Netherlands, and Karel van Hulle, head of accounting at the European Commission, agreed, adding that there would be a liability only if there were a legal duty to insure.

At the Johnson from Norway and Heinz Klempner from Germany argued that the risk could be assessed and quantified by insurers, whether or not the store paid for insurance - so it was a liability and should be recognised. Interestingly, Dietz Martin from the German Institute of Accountants disagreed with his countryman and argued that the compensation payments were a general business risk for which there should therefore be no recognition.

Such disagreements are more common in the US. On the second day, Jim Leisenring told delegates that FASB wants to revise the rules for consolidated accounts, but cannot get agreement on a new definition of a subsidiary. Its board cannot reach the necessary 52 majority on any definition that goes beyond the traditional ownership of 50 per cent plus one of the voting shares.

A session on accounting for goodwill on acquisitions proved conten-

tious: international practice varies widely and, as Leisenring said at the end of the debate: "I don't think it fits in with any of our conceptual thinking. We ought to work harder at it than we already have."

A position paper was presented by Dominique Ledouble of the Conseil National de la Comptabilité who said there was pressure in France for flexible rules on intangibles, to match those of the UK. Three years ago France had moved to allow goodwill to be carried, but amortised. However, "numerous kinds of new intangibles" - such as brands, patents, lists etc - were emerging and these were more and more difficult to measure and, in most cases, were not depreciated materially.

Allan Cook, ASB technical director, emphasised the importance of the issue in the UK. In the early 1980s the proportion of goodwill in the accounts of acquiring companies amounted to 6-7 per cent. By mid-1987 this had risen to 44 per cent. Cook called for all intangibles to be treated in the same way.

Tweedie ended this debate on goodwill with a plea that the standards setters should listen to what industry was saying. The problem in the UK was with service companies, he said. They argued that the value of goodwill was rising, so why should they amortise? "A lot of industrialists simply don't understand what we are trying to do with goodwill - 95 per cent of industry respondents said 'rubbish' to a 20-year write-off," said Tweedie.

Meanwhile, internally generated intangibles tended not to get on to the balance sheet because such assets fre-

quently fail reliability/recognition tests. "So we must look at it again, from scratch," said Tweedie.

Warren McGregor, executive director of the Australian standards setting body, gave a presentation on accounting for leases. He argued that the leasing standards that involved capitalisation of finance leases were fundamentally flawed. The correct approach was to capitalise all leases, subject only to a materiality threshold.

Van Hulle said that some European countries had difficulty in accepting that the same asset might appear in several balance sheets at the same time. There were different legal frameworks in different countries and reporting rules for financial institutions in particular made lease accounting a highly problematic issue. He added that to put economic benefits on the balance sheet as an asset was to open up a "Pandora's box".

Tweedie emphasised the inadequacy of the present arrangements, saying there were airlines flying round the world with no aircraft on their balance sheets. Leisenring argued that the key question for the standard setter was whether the accounting captured the economic reality.

The conference showed, beyond doubt, that what constitutes economic reality depends upon where you live: is it the tax collector's reality, the stock market's reality or that of the creditors?

The author is editor of *World Accounting Report*, published by the *Financial Times*.

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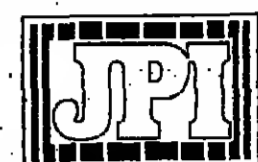
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£50-55,000 + bonus + benefits Crawley

Converse is a major player in the global athletic and leisure footwear market with annual sales of \$400 million. The second biggest seller of basketball shoes in the USA and a market leader with the Chuck Taylor All Star®, the company established a UK subsidiary in 1986 and services the Europe, Middle East and Africa region through a network of joint ventures, distributors, sales agents and active wear licensees. Global expansion strategy entails assuming greater operational control over these markets, creating a significant challenge for financial and general management.

Reporting to the Regional Chief Executive, with dotted line to the US based Vice President Corporate Controller, your remit would cover both the UK subsidiary and the regional operations. In addition to developing and maintaining effective planning, control and reporting systems, you would be responsible for receivables management, financing arrangements and information technology. Your broader commercial input will include supporting subsidiary and distributor management, pricing analysis, margin improvement and analysing business proposals (including joint ventures and operational facilities).

A graduate qualified accountant, ideally with European language skills, you will have:

- worked in a packaged consumer goods or similar industry in a fast growing and changing company
- experience of planning, forecasting, control and reporting under US GAAP
- knowledge of credit and receivables issues, ideally in a multinational distribution oriented environment
- familiarity with corporate financing options including joint ventures
- a record of responsibility for maintenance, PC/LAN and wide area network systems development

Your personal style should be proactive, participative and adaptable to rapid change. Comfortable with dual reporting, you will also be able to manage multi-site based staff.

Interested applicants should write, quoting reference D/0041 and enclosing full CV and salary details and explaining why you are right for the job to:

Mark Harbottle, Executive Search of Selection, Price Waterhouse, 19 Cornhill Street, Birmingham B3 2DT.

Finance Director

c£55,000

For a division of a major UK plc which is highly profitable and rapidly expanding. It is deployed internationally in the supply of building and security products.

Responsibility is to the Divisional Chairman for the provision of timely financial management information and strategy planning input for a diverse and multi-site manufacturer. This is a strongly operational role.

The requirement is for a qualified accountant, aged 35-45, preferably experienced in the manufacturing and distribution of building products. The location is Leeds.

Please write in confidence, enclosing a Curriculum Vitae quoting ref T7686 to

TK

SELECTION

13-14 South Parade, Leeds LS1 5QS. Tel: 0532 426767; Fax: 0532 426888
A DIVISION OF TYZACK & PARTNERS

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positions

For advertising
information call:

Clare Peasnell
071 873 4027

B B C B B C B B C

Finance Managers

Services Division

The role of Services Division is to support BBC programme-making, production resources, engineering and the corporate centre and to help each do its job efficiently. The services provided cover a wide range of activities - many of these services are provided by contractors and, in principle, all of them are subject to market testing or face external competition on a trading basis.

The Division now requires two Finance Managers to work within areas of its operations: one to cover its Capital Projects department - which is responsible for a range of project management activities; the other for its Building Design Services department - which provides design and contract management services.

Reporting to the respective General Managers of these two departments, you will be professionally accountable to the Divisional Accountant, providing a comprehensive management accounting service and working as members of the relevant senior management teams. Your main duties will also include preparing business plans and budgets, in close collaboration with the management teams, and evaluating feasibility in terms of resource availability, costs, savings and efficiencies; providing analytical/interpretative advice on financial performance and monitoring the effectiveness of financial reporting procedures.

You must be a qualified accountant with relevant post qualification experience plus practical knowledge and awareness of computer based control and information systems. Ideally you will have knowledge of business planning, budgeting, accounting and financial control systems, plus the ability and confidence to apply this in a practical way to assist local business needs. You must be qualified ACA, ACCA or CIMA.

For an application form and further details please send a postcard (quote ref. 3380/P) by December 6th to BBC Corporate Recruitment Services, PO Box 7000, London W12 7ZT. Tel: 081-749 7000. Mornings 061-752 5381.

Application forms to be returned by December 9th.

WORKING FOR EQUALITY OF OPPORTUNITY

Group Financial Controller

c£50,000 pa + car

This client is an international marketing services group, which in two years has established itself organically in 15 countries in Europe and the Far East and has achieved a turnover of £50 million. The Group is strongly capitalised, profitable and cash positive.

The Group Financial Controllership is a new role created to provide the Group Finance Director with a No. 2 who will be responsible for ensuring that the accounting and financial controls function develops in line with the growth of the business. Credibility at the topmost level in the business and around the world with local management and the international blue chip client base will be important.

Applicants must be qualified accountants who combine flexibility and adaptability with high standards of professionalism. Diplomacy and persuasiveness is needed in addition to the dynamism to get things done. Experience of how large corporations work and the standards they try to achieve must be balanced with the ability to work in a small dynamic organisation with a very open, sales dominated culture. International experience would be an advantage.

Location: West London. Age guideline: mid 30's.

Please reply in confidence to Brian H Mason, quoting Ref L541 at:

Mason & Nurse Associates,
1 Lancaster Place, Strand,
London WC2E 7EB.
Tel: 071-240 7805.

**Mason
& Nurse**
Selection & Search

FINANCIAL CONTROLLER Cologne,
Germany. For U.S. parent, \$15mm in sales,
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Fluent German & know U.S. GAAP.
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#838, Encino, CA 91438, USA or FAX
818 981 6225

Our client is a major French Pharmaceutical Group that has recently acquired a UK based manufacturing company within the same business sector. This acquisition has created the need to recruit two high calibre accountants within the Finance function.

Finance Director

Essex

c £45,000 + Car

This is a key role within the company as the individual will be expected to provide significant commercial input to the management and continued profitable growth of the business. Specific responsibilities include:

- design of the finance and administration organisation
- recruitment and development of accounting staff
- implementation of management information systems
- financial reporting to Head Office
- supervision of the tax, legal and personnel functions
- the planning and pricing aspects specific to the industry

Candidates (probably aged 35-45) should be graduate qualified accountants who can demonstrate a strong track record to date and currently hold a senior line management position. Previous experience in the pharmaceutical industry is an essential pre-requisite, knowledge of French a plus. (Reference 9652).



Michael Page Finance

Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Management Accountant

Essex

£25-30,000

The Management Accountant will have specific responsibility for the following:

- budgeting, forecasting and planning
- reporting to Head Office in France
- costing within a manufacturing/production environment

Candidates (probably aged up to 30) should be part qualified or qualified accountants with a minimum of two years management accounting experience gained within a manufacturing company. Fluency in French would be useful but is not essential. (Reference 9653).

Interested applicants should forward a comprehensive curriculum vitae quoting the appropriate reference number to Frédérique Bouvier at Michael Page Finance, 3 boulevard Bineau 92300 Levallois-Perret, Paris, France. Tel 010 331 47 57 24 24 or Fax 010 331 47 57 39 18.

Finance Director

SW London £32-35,000 + Bens

AZTEC

AZTEC is an independent company providing training and educational services to facilitate development of businesses in South West London. Current revenues are in the region of £15 million.

An opportunity has arisen for a Finance Director reporting directly to the Chief Executive to take control of strategic development, financial support and administration services.

Responsibilities will include:

- Development of a commercial financial strategy and new business appraisal.
- Systems development and management of general support systems, including installation of a new computer system.
- Management of finance, audit and support teams, with responsibility for a team of 10 staff.

This is a key senior management post which requires proven leadership and development skills and will involve significant contact

with other senior members of the management team and external business contacts.

Candidates for this position will be qualified accountants with a minimum of 5 years post qualified financial and management experience.

The successful candidate will be able to demonstrate:

- An enthusiastic and outgoing personality coupled with maturity and excellent interpersonal skills.
- A commercial approach and the ability to maximise opportunities in a changing environment.
- Proven management experience and a knowledge of systems development/installation.

Interested candidates should send their CV to Malcolm Kelly at Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.

Quoting ref: 171608.

AZTEC and Michael Page Finance are committed to equal opportunities.



Michael Page Finance

Specialists in Financial Recruitment
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Nottingham Manchester Leeds Glasgow & Worldwide

Financial Controller

City

Package £50-60,000

Our client is a newly formed public listed investment company with the backing of a long established and highly regarded UK merchant bank.

As trading has just commenced, the General Manager is now looking to recruit a Financial Controller to establish and run the finance function. Although the role will develop as the company expands, initial responsibilities will include:

- Providing advice and information to Directors of the company with regard to the feasibility of investment plans.
- Contributing towards the company's strategic plans.
- Day to day financial and treasury management.
- Recruiting and supervising an assistant accountant.
- Company secretariat duties, including liaison with the relevant regulatory bodies and the Stock Exchange.

Aged between 35-45, you will be a graduate who is a professionally qualified accountant and

preferably a qualified company secretary with a proven track record of success within the investment management or insurance industry. Due to the level of seniority and the potential for the individual to develop the role encompassing a wider variety of general management responsibilities, the successful candidate will be confident and assertive with the flexibility and competence to work within an ever expanding environment. It is also essential to have excellent interpersonal skills and a well developed written style for internal and external presentations.

This is an unrivalled opportunity for an ambitious individual who is ready to take on the challenge of a new and dynamic organisation. The remuneration package will reflect the importance of this position and is subject to negotiation. Interested applicants please write with a detailed curriculum vitae, including current salary, to Stephanie Warren at

Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.

Michael Page Finance

Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Chartered Trust plc Financial Planning & Analysis

Cardiff c. £30,000 + Car + Banking benefits

Chartered Trust is a leading UK finance house which provides a range of financial services to personal and business customers. The company has ambitious plans to develop its already strong position in its chosen sector. The company is a wholly owned subsidiary of Standard Chartered PLC.

Following an internal promotion they now seek to appoint a Financial Planning Manager. This role has responsibility for the preparation of all of the company's strategic and financial plans, including budgets and monthly forecasts. In addition there will be project work relating to all aspects of the company's operations.

Suitable candidates will be graduate, qualified accountants with up to 5 years' post qualification experience. A commercial approach and good

interpersonal skills are essential to deal at director level and establish personal credibility. Whether from public practice or industry, you should be able to demonstrate experience of non routine, commercial work and, ideally, planning.

This is an important development role for the organisation and prospects are excellent within the organisation. Relocation assistance will be offered where appropriate.

Interested candidates should forward a detailed CV, including current salary details and a covering letter outlining why you meet the above criteria to: Keith Evans, Regional Manager, Michael Page Finance, 29 St Augustine's Parade, Bristol BS1 4UL. Please quote ref 162677.



Michael Page Finance

Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Financial Controller

City

c £70,000 + Car + Bonus + Bank Bens

Our client is a leading force in international banking and derivative products. Their success is based on responsiveness to client needs and changing market conditions, combined with a commitment to excellence, innovation and flexibility of approach.

Continued expansion in all business areas has led to the creation of this new role, which focuses on future development as much as day-to-day control issues.

This is an outstanding opportunity, with the scope to demonstrate tangible added value to the business. The Financial Controller will have a wide ranging role, encompassing responsibility for management and financial reporting and the provision of commercial analysis and support to senior management.

The individual we seek will be a qualified accountant with experience of the financial services sector gained either from the profession, consultancy or senior line positions within the industry.

Candidates are unlikely to be aged under 35 due to the depth of expertise required in this role. Previous exposure to complex group structures, profitability measurement and systems development are highly desirable. Self motivation, leadership, ambition and excellent interpersonal skills are prerequisite to the appointment.

Interested applicants should send a full curriculum vitae quoting reference 170398, to: Diane Forrester ACA, Executive Selection Division, Michael Page Finance, Page House, 39-41 Parker Street, London WC2B 5LH.

Michael Page Finance

Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

INTERNATIONAL MONEY AND SECURITIES BROKING

A highly successful, City-based worldwide money and securities broking company is looking for a derivatives broker with proven experience of Japanese markets.

Fluent in both English and Japanese, you must be familiar with Japanese business culture. A graduate, preferably in a business-related discipline, you should also have relevant product knowledge coupled with a sound understanding of the money markets.

If you can meet this demanding specification, please send your full cv to Box B1920, Financial Times, One Southwark Bridge, London SE1 9EL

PROJECT ACCOUNTANTS

We have a number of positions available for qualified or part qualified accountants with experience of major International Oil and Gas Projects.

We have an urgent requirement for the following people. Senior Qualified Auditors/Internal Control, London area based.

Qualified Accountants for Russia based. Must be bi-lingual, accountants experience/exposure and computer knowledge. Knowledge of JDEdwards system should be a bonus.

For the Russian positions there is a strong preference for Russian speakers. Please send your CV, stating availability & salary required as soon as possible.

RUST RESOURCES LTD

Keeley House, Keeley Road, Croydon, Surrey CRO 1TE
Telefax No: 081-649 8891

FINANCIAL CONTROLLER C24K NR CROYDON

Logix (UK) Ltd is an expanding computer distributor with £1.5m turnover and part of the £28 billion Lucky Goldstar Group. We require a dynamic Financial Controller to occupy a key management position in both an operational and strategic role. Experience in computerised accounts essential.

Phone 081-763 2888.

Help the Aged is a professional charity working for elderly people in need. Currently, we raise some £35 million per year, which makes us one of the UK's top ten fundraising charities. Our activities are diverse and complex.

Reporting to the Financial Director, you will be responsible for the strategic direction and day-to-day control of the internal audit and management accounting functions. This will involve providing advisory, planning and analysis services to the Board, whilst also investigating financial systems and procedures throughout the organisation and recommending improvements.

You must have at least eight years' accountancy experience in the profession and/or in business, including three or more years' post-qualification. Experience of Internal Audit and Management Accounting will be essential. You should also have good systems, planning and leadership skills plus the credibility to influence senior managers and directors.

Please send your full cv to Colin Mitchell, Personnel Director, Help the Aged, St James's Walk, London EC1R 0BE. An equal opportunities employer. Non-smoking offices. Closing date for applications, 6 December 1993.

Senior Management Accountant / Internal Auditor

Professional control in a professional charity

£31,000p.a.

Help the Aged

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ANDERSEN

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*"Outstanding Opportunities
for Outstanding Individuals"***Managers****Audit & Business Advisory Practice**

Reading/Bristol

Exceptional Package

The distinctive image Arthur Andersen has in the market place is well founded. The firm's world renown for innovation, quality and excellence is demonstrated by its continued outstanding growth.

Much of the success can be attributed to investment in the recruitment and development of high calibre individuals. Growth in the practice has created a rare opportunity for exceptional individuals to join the firm at manager level.

In addition to your responsibilities as an Audit Manager with a client portfolio, it will be an essential part of your role to act as a business adviser. You will find yourself consulting on a whole range of matters, from acquisitions and mergers to franchise applications and stock exchange listings. This is an ideal opportunity for ambitious professionals, who have genuine partnership prospects, to work within a dynamic environment on complex challenging clients.

You should be a graduate chartered accountant who can demonstrate a strong academic background, superb interpersonal skills and clear development potential.

You will probably have a background approximating to four years PQE, of which 2-3 years have been spent as a Manager. During this period you will have ideally gained a broad range of industrial and commercial experience and exposure to clients (including listed companies) with turnover in excess of £50 million.

Perhaps you have already moved to industry or have been thinking of leaving the profession. Either way we would like to challenge you to consider a career with Arthur Andersen as an exciting opportunity open to you.

If you are interested in applying, please send a comprehensive curriculum vitae, in strict confidence, to Chris Nelson at Michael Page Finance, Page House 39-41 Parker Street, London WC2B 5LH.



Michael Page Finance

Specialists in Financial Recruitment
London Bristol Windsor St Albans Leatherhead Birmingham
Nottingham Manchester Leeds Glasgow & Worldwide

Moscow

US
\$70,000-90,000
Tax Efficient
+
Bons

Senior Finance Managers (x2)

The Company
As a world leader in Telecommunications this client is able to offer a unique challenge in its Russian operations. The organisation initiated Russian business development in 1988, current investment is more than \$40 million and projects under active consideration exceed \$300 million. Their presence and influence in Russia continues to grow making them one of the most successful Western investors in the region. Their achievements to date coupled with their vision for the future provides the foundation for further growth.

The Roles
Your task is to introduce models of Western excellence in finance and accounting into new business start-ups. You will create a blue print for financial best practice throughout the organisation covering management reporting through debt collection to balance sheet controls. You will guide Russian staff through systems implementation and development and supervise the running of the department (30/20) staff. Within 12-18 months you will hand over to a Russian Finance Director and move onto other joint venture projects.

The Candidates
A proven record of successful financial change management is essential and previous experience in a consultancy or project role would suit. A recognised accounting qualification is preferred for both positions. However more important is the energy, motivation and resilience to operate in relatively unsophisticated environments. It is an ideal opportunity to fully utilise your managerial and technical expertise. Candidates who have worked in Eastern Europe and/or have a knowledge of Russian are encouraged to apply.

Please send your full CV and covering letter to the address/fax below quoting ref. FT2111.

ANTAL INTERNATIONAL
Executive Recruitment

Riverbank House • Putney Bridge Approach • London SW6 3JD
Tel: +44 (0) 71 371 9191 • Fax: +44 (0) 71 731 8160 (24 hrs)

**EUROPEAN AUDIT MANAGER**

Harlow, Essex

£40,000 + car + benefits

Pitney Bowes is the market leader in advanced electronic mailing systems. With a turnover in excess of \$3 billion, the company plans for increased market share and is committed to continued growth and profitability throughout Europe in 1994. Expansion will be targeted towards acquisition in Western Europe where the review team will function in an advisory and strategic capacity, developing new business with commercial and operations managers.

The company now needs an exceptionally strong manager in Europe, responsible for a high calibre team of young accountants. Contributing significantly to growth in Europe, it is expected that this role will focus on promoting the value of the team, conducting assignments and special projects to assist European management with their market objectives. The team will evaluate the viability of operational recommendations, reviewing systems, controls and efficiency whilst retaining close links with the US Corporate function. A degree of travel will be necessary but will not exceed 35%. The ideal candidate will have already gained some European exposure within a multi-site environment, offering proven managerial and communication skills and the ability to interface at the highest level of management. Commercial and pro-active, you will be aged under 40 years, qualified ACA or MBA, with a minimum of 5 years experience in industry. The ability to communicate in a second European language would be desirable, although not essential. The company offers an attractive benefits package, including non-contributory pension scheme and 30 days holiday.

WARWICK MINTOCK

SEARCH AND SELECTION
SUITE 2, EBC HOUSE, NEW ROAD, RICHMOND, SURREY TW9 2NA
TELEPHONE: 081-940 4900 FACSIMILE: 081-940 6524

Outstanding opportunity for a dynamic finance professional**Finance Director**

c.£70,000 + share options

City

Our client is the fastest growing UK based consulting and I.T. services company. Sustained expansion and an enviable profile record underpin its strong position in the financial services sector.

To assist its ambitious strategy for growth the company now wishes to appoint a Finance Director to join the Board. Supported by a team of ten you will have full responsibility for managing and developing the finance and operational support functions.

This will include management accounting, financial reporting, international tax planning, treasury and cash management, personnel, internal administration and systems development. Additionally, you will make a critical contribution to managing organic growth, to implementing acquisition strategy and to preparing the company for flotation.

Interested candidates should write to BBM Associates Ltd (Consultants in Recruitment) at 76 Watling Street, London EC4M 9BJ enclosing a full Curriculum Vitae which should include contact telephone numbers. All applications will be handled in the strictest confidence.

76, Watling Street, London EC4M 9BJ



Tel: 071-248 3653 Fax: 071-248 2814

Finance Director

West Yorkshire

£45k Package + Car

This £25m fast growing manufacturing business is a subsidiary of a high profile Group. Its major activity is the design and production of packaging materials for the Food Industry. With an extensive Blue Chip customer base, it has built its reputation on customer service, innovation in new product design and process development. A target driven, commercially orientated finance professional is now required to join the executive team.

The Role

- Raise profile of finance across the business, bringing an influential, proactive and commercial approach to the decision making process.
- Enhance the quality and presentation of reporting procedures through a TQM philosophy to management practices. Improve computer systems where necessary.
- Lead, motivate and develop small Accounting and Purchasing team, implementing change as required.
- Report to Managing Director. Play a strategic role within the executive team, assist in the continued improvement of business performance.

The Candidate

- Qualified accountant, graduate calibre. Age 30's with a proven track record gained in a fast-moving, manufacturing environment.
- Self-motivated achiever, with strong commercial awareness, able to work to strict and often demanding deadlines, plan strategically whilst maintaining tight controls.
- Talented man-manager with a demanding yet supportive style, capable of nurturing and developing team.
- Excellent communicator, able to gain respect and influence at the Board level.

Please apply in writing, enclosing full CV, quoting reference number LBA/157.

LAWRENCE
BARNETT
ASSOCIATES

Metropolitan House, City Park Business Village, 30 Brindley Road, Manchester M16 9HQ.
Tel: 061-877 4439 Fax: 061-877 6705.

wigwam

DIRECTOR OF FINANCE

... a special opportunity for a high calibre achiever

c.£55,000pa, benefits+share options
North London

As MD of a growing multimedia information network. I am looking for an experienced qualified accountant to join my creative, open-style senior management team.

I need someone with an impressive blend of financial and accounting skills, managerial flair and personal presence. You will probably be a graduate and may also have an MBA. During your career you will have acquired particular expertise in system specification and implementation as well as business planning.

You will need to establish efficient business and accounting systems to handle Wigwam's large customer base. You will be responsible for financial reporting, treasury and administration. You will develop your finance team and will work closely with me, together with our corporate finance advisers, in raising additional funding.

Wigwam Information plc was established in 1992 and now employs thirty people. Over the past year we have developed state of the art PC and central computer software which will enable residential property professionals to offer enhanced levels of service to their customers.

My previous successful company, Inter-City Paging Ltd, grew rapidly through the 80's based on high quality service to its customers whilst providing a challenging and stimulating environment for its staff. I intend that Wigwam should be even more successful!

If you are looking for a career move to a company where you can make a significant contribution and believe that your enthusiasm and talents will enable you to be a key part of our future success, then please write to me personally:

Daniel Nabarro, Managing Director,
Wigwam Information plc, 930 High Road,
London N12 9SA. Fax: 081-343 8521

... the more informed way to buy and sell homes

Die Hoskyns Group Deutschland GmbH ist die deutsche Holdinggesellschaft der englischen Hoskyns-Cap Gemini Sogel Gruppe. Sie erbringt für die in ihrem Marktgebiet führenden Unternehmen Programm Standard Computersysteme GmbH und Technodata Informationstechnik GmbH umfangreiche Dienstleistungen - vor allem im Finanz- und Rechnungswesen.

Für die Leitung der Abteilung Finanzen/Gehaltsabrechnung (derzeit 9 Mitarbeiter) suchen wir eine/n

Controllerin/Controller

Ihre Aufgaben im einzelnen:

- Aufbereiten des Zahlenmaterials für das Management Account, Konsolidierung der Zahlen und deren monatliche Meldung nach England.
- Erstellen von Forecasts, Budgets und ad hoc-Management-Informationen.
- Cash-Management.
- Laufende Kontakte zu Wirtschaftsprüfern, Steuerberatern und zu Rechtsanwälten sowie zu unseren englischen Muttergesellschaft.
- Aktive Mitarbeit im Management unserer operativ tätigen Tochtergesellschaften.
- Gehaltsabrechnung.

Für diese anspruchsvolle Position benötigen Sie ein abgeschlossenes betriebswirtschaftliches Studium und einige Jahre Berufspraxis mit vergleichbaren Aufgaben.

Sie haben Erfahrung in der Arbeit mit PC und Lotus-Spread-Sheets, kennen die deutschen und englischen Rechnungslegungs-Vorschriften und beherrschen die deutsche und englische Sprache in Wort und Schrift.

Entsprechend interessant sind die Konditionen einschließlich Tantieme und Firmen-Pkw. Als berufliche Perspektive bieten wir Ihnen die Möglichkeit zum Aufstieg in einen internationalen Unternehmen.

Ihre kompletten Bewerbungsunterlagen richten Sie bitte direkt an Herrn John Ferningworth im Hause Hoskyns Group Deutschland GmbH.



Hoskyns Group Deutschland GmbH
München - Otto-Hahn-Straße 16 - 71069 Sindelfingen
Telefon (07031) 3001-212 - Telefax (07031) 30012 01

INTERNAL AUDITOR**SALARY TO £30,000 + BANKING BENEFITS**

CITY BASED

An overseas international Bank is looking to recruit an Internal Auditor for the London Branch.

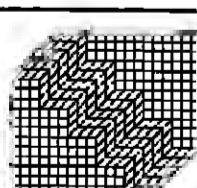
Reporting to the Chief Auditor in Head Office, you will be responsible for undertaking Scheduled Internal Audits of all banking operations covering Loans, Trade Finance and Treasury Products.

The ideal candidate must possess the ability to work without supervision and be able to meet deadlines.

You will need to be a Chartered Accountant with at least 3 years post qualifying experience, ideally gained in the financial sector.

If you have the experience and ability we are looking for, please apply in writing with full CV to

Box B1922, Financial Times,
One Southwark Bridge, London SE1 9HL
Closing Date: Friday 10 December 1993.

**Financial Accountant**

Buro Happold, a well established medium sized international professional civil and building engineering consultancy practice with headquarters in the beautiful Georgian world heritage City of Bath, seek a Financial Accountant.

The practice is organised as a partnership and several limited companies. The Accountant will report to the Finance Partner and will be responsible for the development and operation of the financial accounting and project costing systems throughout the firm.

Age is not important but it is expected that applicants will have at least five years experience in a position of responsibility, preferably in a similar type of work environment. First hand knowledge of budgeting and financial planning, appropriate cost control techniques, the preparation of monthly management and final accounts and computerised systems is essential. The position is pensionable and the salary negotiable, dependent upon qualifications and experience.

Applicants interested should write with full CV to:

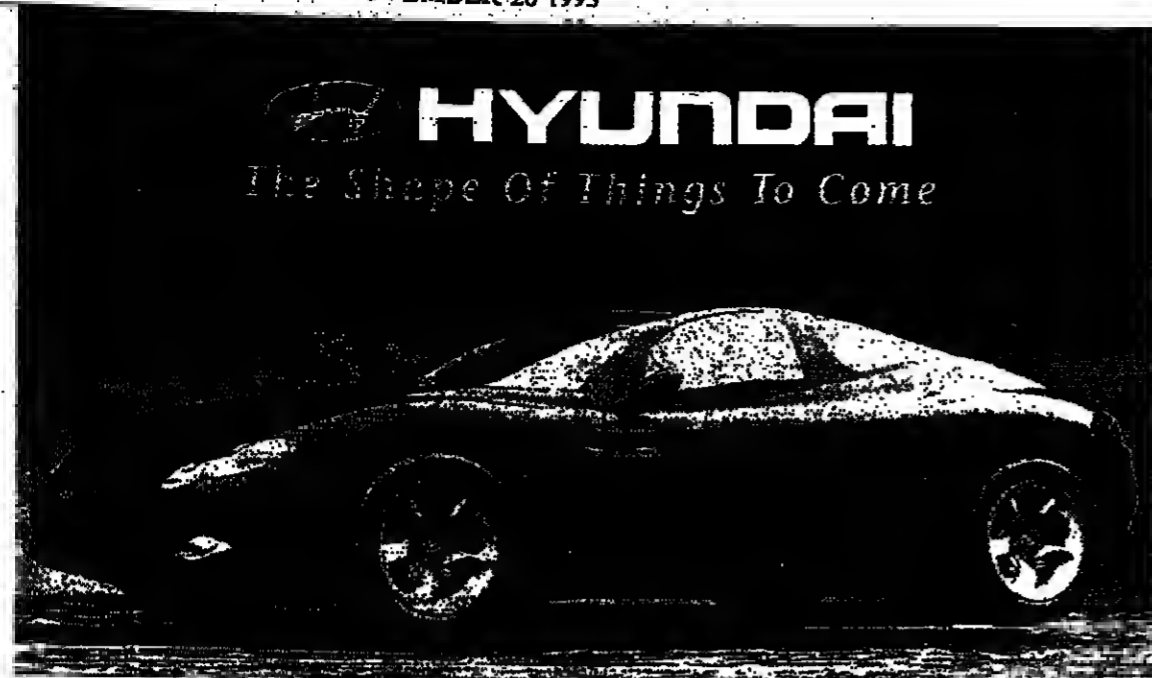
Roderick Macdonald
Buro Happold
Camden Mill
Lower Bristol Road
Bath BA2 3DQ

Tel 0225 337510

**APPOINTMENTS
WANTED****FINANCE
DIRECTOR**

FCCA, Economics Degree, extensive PLC experience including flotation, rights, take-overs etc. "Dirty hands" manager. Similar contract with wide knowledge of Welsh economy and extensive contact network seeks interesting director or advisory roles on short term or project basis. Professionalism and integrity hopefully no bar to having fun too!

Write to Box B1910,
Financial Times,
One Southwark Bridge,
London SE1 9HL



FINANCIAL MANAGEMENT Thames Valley

Lex plc have recently acquired a majority interest in the UK franchise of Hyundai cars. They are making a £multi-million marketing commitment and supporting their investment by establishing an operational and management base which can exploit the perceived potential. These appointments represent part of this process. The common requirements are for people with strong intellect, good communication skills and a commitment to meeting objectives. The opportunities for growing within the job and for longer-term career progression are exceptional.

Please write with full cv, including salary history and daytime telephone number, quoting the appropriate reference to Dick Phillips ACIS, Phillips & Carpenter, 2-5 Old Bond Street, London W1X 3TB. Tel: 071-493 0156 (24 hours).

Phillips & Carpenter Selection Consultants

Financial Controller to £45,000 + car

This key position reports to the Finance Director. The person appointed must be a qualified accountant and have had experience of managing staff in a customer-orientated business with strong financial disciplines. The ability to manage change is important since he or she will need to develop the resources of the department to meet the new reporting requirements of local management and the parent company. Preferred age - early 30's. Ref. 1743/FT.

Planning Accountant to £30,000 + car

This is an ideal "green field" opportunity for a recently qualified accountant to make an influential contribution to an important stage in the company's development. He or she will be required to devise and operate new planning/forecasting systems for financial and operational management. Direct experience is less important than a sustained high-achiever's track record and the ability to combine a keen attention to detail with a sense of commercial realism. Age late 20's. Ref. 1744/FT.



Broomleigh Housing Association established in 1992, manages more than 12,000 homes in and around Bromley. We are committed to strengthening our

management and administration teams with first class people to help us deliver a high quality, locally responsive housing service to our tenants.

Financial Accountant

£27,000 - £32,000 (under review)

Broomleigh, a new organisation, has within 18 months won a sound reputation in the Housing Association Sector as a progressive organisation in customer service, staff development and quality financial management.

We wish to appoint a Financial Accountant who has at least five years experience in a fully computerised, commercially driven organisation.

We see this as a career move for a bright, dependable, competent professional with the necessary credentials to manage 14 staff, a loan portfolio of £120m and an annual cash flow of £100m.

Reporting to the Financial Director your focus must be to deliver accurate financial services always to deadline. This extremely responsible role also requires the provision of advice to Senior Management.

For an information pack please telephone 081 663 0747 or write to the Personnel Department, Broomleigh Housing Association, 1 Copers Cope Road, Beckenham, Kent. BR3 1NU.

Closing date for applications 10th December 1993.

Broomleigh Housing Association is working towards Equal Opportunities in all areas of its work.



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- Financial management, accounts and internal control including budgeting, management and statutory reporting.
- Motivating and leading a multi-cultural team.
- Close liaison with commercial operations and financial institutions.

To be considered for this role you should:

- Be a Qualified Accountant, commercially experienced and able to work independently at different levels.
- Have strong systems and computer awareness.
- Possess excellent verbal and written communication skills.
- Be aged over 30.

Interested applicants who seek an opportunity for genuine autonomy are invited to apply.

Please reply in writing, enclosing a full CV to Sheldon Paule at the address below:

ANTONY DUNLOP ASSOCIATES

Hauover House, 75-71 High Holborn, London, WC1V 6LS.
Tel: 071-430 2220 Fax: 071-404 2199

EXCITING RETAIL OPPORTUNITY

Head of Finance

to £40K, plus car, bonus

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This new appointment, reporting to the Managing Director, will complete the highly able and entrepreneurial management team. It is an ideal opportunity for a young energetic controller to make a major contribution toward the development of the company early in his/her career.

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Please reply quoting Ref No 2035, to Selection Division,
Waggett & Company IIC, 5 Clifford Street, London W1X 2BX.
Tel: 071 494-2551, Fax: 071 439-0222

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Royal College of Nursing of the United Kingdom

Finance Director

Salary c. £50,000. Generous conditions

This is an outstanding opportunity for a suitably qualified accountant to join the top management team of the Royal College of Nursing, the major professional organisation for nurses in the UK.

Reporting to the General Secretary, the person appointed will be expected to show high levels of professional and technical competence in assuming responsibility for the RCN's finance department and computerised information service. The post offers an exceptionally wide range of duties including the recruitment and direction of staff, administration of the computerised membership records, management of investments, preparation and publication of annual accounts and service management responsibilities.

The RCN is a successful and developing organisation. The Finance Director plays a key role in implementing these developments and in providing investment advice and directing purchasing policies. This offers genuine scope for influencing the RCN's work by using your skills in an innovative and creative fashion.

Applicants should be able to demonstrate real achievement and sound experience in the fields of finance, management, investment and information technology and be able to show empathy for the work of the RCN. The position, based in London, manages staff in both London and Cardiff and will involve some travelling.

For further details and an application form, please contact John Hampton, Personnel Director on 071-673 0640 ext. 273, or write to the Personnel Department, Royal College of Nursing, 20 Cavendish Square, London W1M 0AB, quoting ref RCN/545. Closing date for applications: 6th December. Interview date: 22nd December 1993.

The RCN is committed to equal opportunities and welcomes applications from job seekers.



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European languages, with French and German being preferred, are essential. For further information please call John Harvey on 071-438 9288. Or write to him, at The Zarak Hay Partnership, 4 Broad Street Place, Blenheim Street, London EC2M 7PL.

THE ZARAK HAY PARTNERSHIP

FINANCE DIRECTOR

SECURITY SERVICES GROUP - SURREY

This challenging career opportunity will appeal to an ambitious finance professional, seeking to play a significant role in the development of a dynamic business.

Our client's plans for a substantial investment and acquisition programme, which includes an early Plc float, have resulted in the decision to appoint an experienced small/medium Plc finance director.

Key responsibilities will include financial accounting, strategy and planning, budgeting, treasury, liaising with brokers/professional advisors and internal controls.

The candidate will be an exceptionally able, qualified accountant (FCA/FCCA), aged 35-45 who is computer literate and with proven success in managing growth, strong commercial skills and a dynamic disposition.

Salary package is by negotiation, but unlikely to be less than £40,000.

Written applications with full CV to:

Julie Allen,
Morgan Connect Limited,
82 St John Street,
London
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A Home In A Country



REFUGEE HOUSING

Finance Director c. £35,000 package

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Commercial astuteness and social awareness will drive you in an environment where your experience in the negotiation of funding arrangements will be crucial to future success. Success will be measured by the expansion and efficient delivery of a quality service.

If you have the desire to succeed and can make a significant contribution to an organisation intent on growth, we would like to hear from you.

To receive further information and an application form please contact our consultants Philip Callan or Catherine Brook at PCA Recruitment, 61 Heath Street, London NW3 6LJ. 071-473 1107.

The closing date for returned applications is 9th December 1993.

REFUGEE HOUSING is committed to the delivery of equal opportunities.

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